

## **Financial Report**

**Washington Council on the Aging, Inc.  
Franklinton, Louisiana**

**June 30, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/14/09

## TABLE OF CONTENTS

### Financial Report

Washington Council on the Aging, Inc.  
Franklinton, Louisiana

June 30, 2008

|   |    |
|---|----|
| MANAGEMENT'S DISCUSSION AND ANALYSIS  | 1  |
| INDEPENDENT AUDITOR'S REPORT  | 14 |
| BASIC FINANCIAL STATEMENTS:   |    |
| A. GOVERNMENT-WIDE FINANCIAL STATEMENTS:  |    |
| • EXHIBIT A - Statement of Net Assets   | 17 |
| • EXHIBIT B - Statement of Activities   | 18 |
| B. FUND FINANCIAL STATEMENTS:   |    |
| • EXHIBIT C - Fund Balance Sheet - Governmental Funds   | 20 |
| • EXHIBIT D - Statement of Revenues, Expenditures and Changes<br>in Fund Balances - Governmental Funds  | 21 |
| • EXHIBIT E - Reconciliation of the Statement of Revenues,<br>Expenditures and Changes in Fund Balances of Governmental<br>Funds to the Statement of Activities | 22 |
| C. EXHIBIT F - NOTES TO THE FINANCIAL STATEMENTS  | 23 |
| SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB<br>STATEMENT 34:   |    |
| • Budgetary Comparison Schedule - General Fund  | 60 |
| • Budgetary Comparison Schedule - Title III B Fund  | 61 |
| • Budgetary Comparison Schedule - Title III C-1 Fund  | 62 |

|  |    |
|--|----|
| • Budgetary Comparison Schedule – Title III C-2 Fund | 63 |
| • Budgetary Comparison Schedule – Section 5311 Fund  | 64 |
| • Budgetary Comparison Schedule – JARC Fund          | 65 |
| • Notes to Required Supplementary Information        | 66 |

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA:**

|  |    |
|--|----|
| • Combining Schedule of Revenues, Expenditures, and Changes<br>In Fund Balance - Nonmajor Governmental Funds | 70 |
| • Comparative Schedule of Capital Assets and Changes in<br>Capital Assets                                    | 71 |

|   |    |
|---|----|
| <b>REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER<br/>FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL<br/>STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT<br/>AUDITING STANDARDS</b> | 72 |
|---|----|

|  |    |
|--|----|
| <b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b> | 75 |
|--|----|

|  |    |
|--|----|
| <b>SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS</b> | 79 |
|--|----|

|  |    |
|--|----|
| <b>MANAGEMENT'S CORRECTIVE ACTION PLAN</b> | 82 |
|--|----|

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Washington Council on the Aging, Inc.**

The following discussion and analysis of the Washington Council on the Aging, Inc.'s financial performance provides an overview of the Council's financial activities for the year ended June 30, 2008. This document should be read in conjunction with the basic financial statements, which follow.

#### **FINANCIAL HIGHLIGHTS**

- The Council showed a decrease in overall net assets of \$12,963, or about 3.7% this year.
- Net capital assets of the Council increased by \$15,571, or about 16%.
- The Council's fund revenues increased by \$98,529, or about 14%.
- Fund expenditures increased by \$159,040, or 24%.
- The unreserved, undesignated fund balance for the Council's General Fund was \$145,154, at year-end, which is a \$2,009, or 1.4%, decrease from the prior year.
- No deficit fund balances existed at year-end.
- The Council's major liabilities consisted of current liabilities due to vendors of \$13,851.
- The Council did not have any long-term liabilities.
- Administrative expenses increased this year by \$22,892, which is a 15.83% increase from last year.

#### **HOW TO USE THIS ANNUAL REPORT**

The Council's annual financial report consists of five main parts:

- (1) Management's discussion and analysis (this section)
- (2) The basic financial statements (government-wide and fund)
- (3) Supplementary information required by GASB 34
- (4) Supplementary information required by GOEA, and
- (5) Auditor reports.

Government-wide financial statements are comprised of the Statement of Net Assets and the Statement of Activities. These financial statements provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. In contrast, fund financial statements, for governmental activities, tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide financial statements by providing information about the Council's most significant funds.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Washington Council on the Aging, Inc.**  
**(Continued)**

The auditor has provided assurance in his independent auditor's report, located immediately after this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor has also provided assurance about the Supplementary Financial Information required by the Governor's Office of Elderly Affairs (GOEA) that follows later in this reporting package. A user of this document should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

**REPORTING THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE STATEMENTS**

Management's analysis of the Council as a whole begins on page 5. An important point to consider is whether or not the Council's finances, as a whole, are better or worse off as a result of this year's activities. The Statement of Net Assets and the Statement of Activities (referred to collectively as the Government-Wide Financial Statements) report information about the Council as a whole and about its activities in a way that helps when considering this point. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements, which can be found on pages 17 and 18, report the Council's net assets and changes in them. The Council has restricted net assets of \$41,576, which must be used for specific purposes, whereas \$180,501 of its net assets are unrestricted, meaning that they can be used for any program at management's discretion. The Statement of Net Assets is designed to present the financial position of the council as of year-end. Over time, increases or decreases in the Council's net assets are one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, the reader must consider other non-financial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Activities provides information that shows how the Council's net assets changed as a result of this year's activities. All changes in net assets are reported as soon as the underlying event, giving rise to the change, occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future periods. All of the Council's significant activities are reported in the Statement of Activities, including an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of various programs that include supportive social services,

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Washington Council on the Aging, Inc.**  
**(Continued)**

nutritional services, non-elderly transportation, family caregiver support, senior citizen activities, disease prevention and health promotion, and Medicaid prescription drug program assistance. Subprogram activities are also presented, in some cases, to help the reader analyze the Council's operations in more detail. All activities of the Council are considered to be governmental activities. A governmental activity is usually one where the Council uses money it receives from governmental grants and contracts, along with donations from the general public, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the service are not required to pay for what they receive. If the Council charged fees with the intention of making a profit or recovering the full cost of providing the service, that activity would be classified as a business-type activity. The Council does not have any business-type activities. However, note that the Council does charge fees for its non-elderly, general public transportation services. On the surface, this program appears to have made a profit, but when you consider its results with all of the Council's transportation programs, you will see that the Council did not come close to covering its costs. Accordingly, this program is not viewed as a business activity.

**REPORTING THE COUNCIL'S MOST SIGNIFICANT FUNDS USING FUND FINANCIAL STATEMENTS**

The Fund Financial Statements provide detailed information about the most significant funds, not the Council as a whole entity. In the Fund Financial Statements, the reader will see a General Fund, five Special Revenue Funds that have been determined to be "Major Funds", and a column for the total of all remaining Special Revenue Funds, which are considered to be "Nonmajor Funds." The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other revenues.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future for Council programs. The difference between net assets of governmental activities and fund

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Washington Council on the Aging, Inc.**  
**(Continued)**

balances of the governmental funds is reconciled at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in fund balances for the governmental funds and the change in net assets for the governmental activities has been reconciled on a separate page that follows the *Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds*. These two reconciliations will facilitate the comparison between governmental activities and funds.

**NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 and should be read before making assumptions or drawing conclusions about the Council's financial condition.

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34**

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has an adopted annual budget. The schedules compare the original and final budgets to actual budget results for the Council's fiscal year. Positive and negative variances between the final budget and actual amounts are also presented.

Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but which is believed to be important to present to the Council's financial statement users. For this fiscal year, management had included the Title III C-1 fund as a major fund because of its importance even though the fund did not meet the quantitative criteria for a major fund.

Management's Discussion and Analysis (MD&A) is also required supplementary information (RSI) by GASB Statement 34. However, GASB Statement 34 requires the MD&A be presented as the first item in this reporting package and not with the other RSI, which is included later in this reporting package.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Washington Council on the Aging, Inc.**  
**(Continued)**

**OTHER SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA**

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 70 and 71. This information will be used by GOEA to verify the accuracy of information submitted by the Council during the year to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

**AN ANALYSIS OF THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The following amounts reflect condensed information on the Council's assets, liabilities, and net assets:

|                                     | <u>2008</u>       | <u>2007</u>       | <u>Increase<br/>(Decrease)</u> |
|-------------------------------------|-------------------|-------------------|--------------------------------|
| Current and Other Assets:           |                   |                   |                                |
| Current Assets                      | \$ 237,688        | \$ 262,786        | \$ (25,098)                    |
| Other Assets                        | 1,416             | 3,050             | (1,634)                        |
| Capital Assets, net of depreciation | 114,098           | 98,527            | 15,571                         |
| Total Assets                        | <u>353,202</u>    | <u>364,363</u>    | <u>(11,161)</u>                |
| Current Liabilities                 | 17,027            | 15,225            | 1,802                          |
| Total Liabilities                   | <u>17,027</u>     | <u>15,225</u>     | <u>1,802</u>                   |
| Net Assets:                         |                   |                   |                                |
| Invested in Capital Assets          | 114,098           | 98,527            | 15,571                         |
| Restricted                          | 41,576            | 71,314            | (29,738)                       |
| Unrestricted                        | 180,501           | 179,297           | 1,204                          |
| Total Net Assets                    | <u>\$ 336,175</u> | <u>\$ 349,138</u> | <u>\$ (12,963)</u>             |

As of June 30, 2008 and 2007, the Council "as a whole" had assets greater than its liabilities of \$336,175 and \$349,138, respectively. About 54% and 51% of the Council's total net assets are unrestricted as of June 30, 2008 and 2007, respectively. Unrestricted net assets are important because they represent resources that management has available to adapt to changes in the economy, emergencies, unexpected needs, and reduction in or termination of grant revenues by government agencies.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Washington Council on the Aging, Inc.

(Continued)

The Council's restricted net assets represent about 12% and 20% of the Council's total net assets as of June 30, 2008 and 2007, respectively. Net assets are reported as restricted when the constraints placed upon the assets' use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The net assets that have been invested in capital assets are presented net of any related outstanding debt to acquire them. For the year presented, there is not any debt to be subtracted from the capital asset amount. The Council's policy is to acquire capital assets by paying cash and avoiding debt. This policy helps assure management will stay within its financial means so that future revenues will be spent for client services instead of debt service.

The following table illustrates the revenues and expenses that produced the change in net assets for fiscal years 2008 and 2007.

| <b>Revenues</b>  | <b>2008</b>       | <b>% of Total</b> | <b>2007</b>       | <b>% of Total</b> |
|--|-------------------|-------------------|-------------------|-------------------|
| Program Revenues:  |                   |                   |                   |                   |
| Charges for services   | \$ 131,378        | 16.53%            | \$ 164,675        | 23.66%            |
| Operating Grants and Contributions   | 566,691           | 71.32%            | 424,310           | 60.96%            |
| Capital Grants and Contributions   | 0                 | 0.00%             | 0                 | 0.00%             |
| General Revenues:  |                   |                   |                   |                   |
| Unrestricted Grants and Contributions  | 87,739            | 11.04%            | 102,395           | 14.71%            |
| Other General Revenues   | 8,813             | 1.11%             | 4,712             | 0.68%             |
| <b>Total Revenues</b>  | <b>794,621</b>    | <b>100.00%</b>    | <b>696,092</b>    | <b>100.00%</b>    |
| Direct Program Expenses of the Health,<br>Welfare, and Social Services Function: |                   |                   |                   |                   |
| Supportive Services:   |                   |                   |                   |                   |
| Priority Services:   |                   |                   |                   |                   |
| Transportation of the elderly  | 130,104           | 16.11%            | 147,959           | 22.64%            |
| Other supportive services  | 53,471            | 6.62%             | 39,045            | 5.97%             |
| Transportation Services-non-elderly  | 333,118           | 41.25%            | 215,711           | 33.00%            |
| Nutrition Services:  |                   |                   |                   |                   |
| Congregate Meals   | 40,201            | 4.98%             | 41,762            | 6.39%             |
| Home-delivered Meals   | 53,791            | 6.66%             | 41,900            | 6.41%             |
| Food bank and vouchers   | 16,259            | 2.01%             | 13,426            | 2.05%             |
| Other Health, Welfare & Social Services  | 13,136            | 1.63%             | 9,203             | 1.41%             |
| Direct Administrative Expenses   | 167,504           | 20.74%            | 144,612           | 22.12%            |
| <b>Total Expenses</b>  | <b>807,584</b>    | <b>100.00%</b>    | <b>653,618</b>    | <b>100.00%</b>    |
| <b>Increase (Decrease) in Net Assets</b>   | <b>(12,963)</b>   |                   | <b>42,474</b>     |                   |
| Net assets, beginning of year  | 349,138           |                   | 306,664           |                   |
| <b>Net assets, end of year</b>   | <b>\$ 336,175</b> |                   | <b>\$ 349,138</b> |                   |

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Washington Council on the Aging, Inc.**  
**(Continued)**

For fiscal year 2008, the Council's total revenues increased \$98,529 or 14.1% from fiscal year 2007, whereas total expenses for 2008 increased by \$153,966 or 23.5% from 2007. The net increase in expenses this year versus last year was due primarily to an increase in the demand for non-elderly transportation services.

**AN ANALYSIS OF GOVERNMENTAL ACTIVITIES**

When reviewing the Government-Wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities are transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of Washington Parish and to provide transportation for Parish residents. There is a high demand for these services; therefore, resources are channeled to meet the demand.

Another indication of how money is used efficiently or inefficiently can be analyzed by comparing the amount of administration costs from year to year as well as calculating the percentage administration expenses bears in relation to total expenses. For 2008, total administration expenses were \$167,504, or 21% of total expenses, whereas these same expenses were \$144,612 or 22% of total expenses in 2007.

Note that most of the governmental activities have more expenses than revenues. This is expected and budgets are prepared accordingly. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities. There are, however, some governmental activities that do have revenues in excess of expenditures. These activities are discussed below.

The Council's grants from Capital Area Agency on Aging (CAAA) are paid based on a contract amount per unit of service provided, up to a maximum number of units, for specified program activities. The Council was able to provide the required units of Home Delivered Meals, Telephoning, Home Repairs, and Disease Prevention & Health Promotion at a cost that was less than their contracted reimbursement amounts. The net revenues in these programs were used to help offset the net expenses in other programs.

The non-elderly, general public transportation program presents a small amount of net revenue on Exhibit B, but when it is combined with the net expense amount from elderly transportation, the Council has actually incurred a significant loss in providing transportation services overall.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Washington Council on the Aging, Inc.**  
(Continued)

**AN ANALYSIS OF THE COUNCIL'S FUNDS USING GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**Fund Balances**

The Council showed a combined governmental fund balance of \$219,027 (as shown on the Fund Financial Statement's Balance Sheet) at the end of this year, which is a decrease of \$23,605 from the prior year. The General Fund decreased by \$18,867 this year, and the combined fund balances of the Special Revenue Funds decreased by \$4,738.

**Revenues**

The combined fund revenues increased \$98,529 this year versus last year, as shown in the table below.

|                      | 2008              | 2007              | Increase/ (Decrease) |               |
|----------------------|-------------------|-------------------|----------------------|---------------|
|                      |                   |                   | Amount               | Percent       |
| Intergovernmental    | \$ 601,784        | \$ 473,129        | \$ 128,655           | 27.19%        |
| Public Support       | 52,246            | 53,137            | (891)                | -1.68%        |
| Program Service Fees | 131,378           | 164,674           | (33,296)             | -20.22%       |
| Interest Income      | 841               | 440               | 401                  | 91.14%        |
| Miscellaneous        | 10,100            | 6,440             | 3,660                | 56.83%        |
| Total Revenues       | <u>\$ 796,349</u> | <u>\$ 697,820</u> | <u>\$ 98,529</u>     | <u>14.12%</u> |

Most of the Council's activities are funded by federal, state, and local grants. These grants, which comprise the Council's intergovernmental revenues, amounted to approximately 76% and 68% of the Council's total revenues in 2008 and 2007, respectively. Most of these grants are restricted, which means the money can only be used in certain programs. The amount of annual funding from the grants the Council receives remains rather constant from year to year; however, some grant amounts may change based upon the level of service provided by the Council under the terms of the particular grant award.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Washington Council on the Aging, Inc.**  
**(Continued)**

The \$128,655 net increase in intergovernmental revenue in 2008 was primarily the result of the Council receiving \$98,414 more from its Section 5311 grant, \$51,003 more from its JARC grant, \$9,426 more from United Way for the EFSP program, \$9,302 less from CAAA, and \$23,780 less from GOEA versus 2007. The increase in the Section 5311, JARC, and EFSP revenues are a result of more costs being incurred in these programs in 2008 versus 2007. As the eligible costs increase, so does the grant revenue assuming the grant is large enough to absorb the increases in expenditures. The decrease in GOEA intergovernmental revenue was because the Council received an extra PCOA grant of \$25,000 in FY 2007 that did not occur in FY 2008.

The Council also receives public support in the form of restricted and unrestricted donations from its clients and the general public. The Council also holds fundraisers to generate public support. Public support allows the Council to maintain and expand services. Public support revenues represented 6.6% and 7.6% of the Council's total revenues for fiscal years 2008 and 2007, respectively. Public support comes from donations from the general public, client contributions, and the United Way.

Program service fees were \$131,378 and \$164,674, represented 16.5% and 23.6% of the Council's total revenues for 2008 and 2007, respectively. The reason for a decrease in program service fees is primarily because the Council stopped providing emergency transportation services for hurricane victims when the program ended during FY 2007.

The increase in miscellaneous revenues of \$3,660 is because the Council sold two vans in FY 2008 for \$3,700 in gross proceeds.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Washington Council on the Aging, Inc.**  
**(Continued)**

**Expenditures**

Total expenditures increased by \$159,040 this year, as shown in the table below.

|                    | 2008              | 2007              | Increase/(Decrease) |               |
|--------------------|-------------------|-------------------|---------------------|---------------|
|                    |                   |                   | Amount              | Percent       |
| Personnel          | \$ 481,762        | \$ 393,204        | \$ 88,558           | 22.52%        |
| Fringe             | 51,994            | 46,223            | 5,771               | 12.49%        |
| Travel             | 8,203             | 5,328             | 2,875               | 53.96%        |
| Operating Services | 73,776            | 68,490            | 5,286               | 7.72%         |
| Operating Supplies | 92,131            | 57,945            | 34,186              | 59.00%        |
| Other Costs        | 40,631            | 31,120            | 9,511               | 30.56%        |
| Full Service       | 6,644             | 0                 | 6,644               | 100.00%       |
| Meals              | 34,286            | 23,933            | 10,353              | 43.26%        |
| Utility Assistance | 7,156             | 11,671            | (4,515)             | -38.69%       |
| Capital Outlay     | 23,371            | 23,000            | 371                 | N/A           |
|                    | <u>\$ 819,954</u> | <u>\$ 660,914</u> | <u>\$ 159,040</u>   | <u>24.06%</u> |

The increase in personnel costs is primarily due to an increase in demand for transportation services. Fringe costs increased this year primarily due to an increase in workman's compensation premiums and payroll taxes associated with having more employees. The increase in travel costs is because the Council increased the rate to reimburse employees due to rising gasoline prices. The increase in operating service expenditures is primarily attributable to increases in general liability insurance premiums and vehicle maintenance costs. Operating supplies showed an increase in 2008 primarily due to a significant increase vehicle fuel and supply costs. Other costs increased in 2008 primarily because of the increase in training provided to employees. Full service costs increased in 2008 because the Council provided home repair assistance to the elderly and disabled whereas in 2007 it did not.

Meal costs increased because the Council received more EFSP funds in 2008 which allowed management to increase what it spent for home-delivered meals and the local food bank. Utility assistance expenditures decreased in 2008 because the program guidelines for funds received from Entergy changed in FY 2008 preventing the Council from assisting people who were WST utility customers. In other words, Entergy funds could only be used to pay the bills of Entergy customers. Capital outlay expenditures in 2008 represent the costs to purchase a home-delivered meal van and equipment needed for the Council's operations.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Washington Council on the Aging, Inc.**  
**(Continued)**

**AN ANALYSIS OF THE GENERAL FUND BUDGET**

Over the course of this past fiscal year, the budget was amended one time. The amendment was approved at a Board of Directors meeting on December 13, 2007. The amendment effectively approves any expenditure that had already been incurred that exceeded its original budgeted amount. The primary reasons for amending the budget are to account for unanticipated changes in both revenues and expenditures and to prevent compliance violations under the Council's grants from GOEA and Capital Area Agency.

A schedule presenting the original and amended budgets for the General Fund can be found in the Supplementary Financial Information Required by GASB Statement 34 section of this report on page 60. When reviewing the budget versus actual schedule, the reader will note that, even though some of the variances are rather large, the net favorable variance is \$70,710. Some of the reasons for the overall favorable variance are: (1) public support was budgeted to be \$5,200 but the actual amount received was \$13,312, (2) program service fees were budgeted to be \$109,500 but the actual amount received was \$131,378, and (3) the Council overall expended \$39,363 less than what it expected. Differences in the transfer amounts reflect variances in the actual versus budget amounts in other that had to be satisfied by the end of the fiscal year using General Fund money.

**AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of the year, the Council had \$114,098, in capital assets net of accumulated depreciation. This amount is a net increase over last year of \$15,571, which is made up of additions of \$23,371 less the current year depreciation expense of \$7,800.

| Capital Assets, Net of Depreciation |                   |                  |                        |
|-------------------------------------|-------------------|------------------|------------------------|
|                                     | June 30, 2008     | June 30, 2007    | Increase<br>(Decrease) |
| Vehicles                            | \$ 11,642         | \$ 0             | \$ 11,642              |
| Equipment                           | 6,469             | 2,060            | 4,409                  |
| Building and Improvements           | 86,987            | 87,467           | (480)                  |
| Land                                | 9,000             | 9,000            | 0                      |
|                                     | <u>\$ 114,098</u> | <u>\$ 98,527</u> | <u>\$ 15,571</u>       |

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Washington Council on the Aging, Inc.**  
**(Continued)**

The capital asset additions during the year consisted of one home-delivered meals van (\$14,553), senior center equipment (\$1,654), building improvements (\$3,200), and office equipment (\$3,964).

The Council had four vans titled in its name at the end of the fiscal year, which are included in capital assets. The Council also had the use of eight additional vans which are owned by Town of Franklinton and are not included in the capital assets of the Council.

For FY 2009, the Council has already deposited \$9,151 of matching funds, which represents 20% of the total cost of the vehicle, for the Town of Franklinton to acquire another van under an FTA program. The federal government will put up the other 80% of the total cost of the vehicle.

The Council did not have any long-term debt related to its capital assets and does not like to incur any debt as a matter of financial stewardship.

More detailed information can be found about the Council's capital assets in Notes 1 and 4 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Council receives most of its funding from federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of services provided by the Council, and therefore, revenues may vary from year to year. In setting its budget for fiscal year 2009, it was important to management that at least the same level of service be delivered to clients and the public as were provided in FY 2008. All the Council's grants and contracts from the usual federal and state agencies have been approved for FY 2009. There have been no significant changes to the funding levels or terms of the grants and contracts.

On November 17, 2007 the voters of Washington Parish adopted a property tax that is expected to provide the Council about \$380,000 of additional revenue in FY 2009. Management expects this new revenue source to have a significant favorable effect upon the Council's operations by providing the Council a stable and reliable revenue source that can enable management to not only continue current services but to expand them.

For FY 2009, the Council has budgeted revenues of \$1,223,586 and expenditures of \$1,122,944. The FY 2009 budget has been approved by Capital Area Agency on Aging.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Washington Council on the Aging, Inc.**  
**(Continued)**

**CONTACTING THE COUNCIL'S MANAGEMENT**

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Nancy McBeth, Executive Director at 1025 Dobson Street, Franklinton, Louisiana 70438 or by phone at (985) 839-4535.



# NEIL G. FERRARI

CERTIFIED PUBLIC ACCOUNTANT

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MEMBER OF THE  
SOCIETY OF LOUISIANA CPAs

MEMBER OF THE  
AMERICAN INSTITUTE OF CPAs

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
Washington Council on the Aging, Inc.  
Franklinton, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Council on the Aging, Inc., Franklinton, Louisiana, (the Council) as of and for the year ended June 30, 2008, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 19, 2008, on my consideration of the Council's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the

internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 1 through 13 and budgetary comparison schedules on pages 60 through 65 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs and are not a required part of the Council's basic financial statements. These two schedules have been subjected to the auditing procedures I applied in the audit of the basic financial statements and, in my opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Baton Rouge, Louisiana,  
December 19, 2008

A handwritten signature in black ink that reads "Neil Ferrari, CPA". The signature is written in a cursive, flowing style.

Neil G. Ferrari, CPA

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**EXHIBIT A**

**STATEMENT OF NET ASSETS**  
**Washington Council on the Aging, Inc.**  
**Franklinton, Louisiana**  
**June 30, 2008**

|   | <u><b>Governmental<br/>Activities</b></u> |
|---|---|
| <b>ASSETS</b>                                   |   |
| Current Assets:                                 |   |
| Cash  | \$ 155,066                                |
| Receivables:                                    |   |
| Capital Area Agency on Aging                    | 16,257                                    |
| Office of Family Support                        | 4,632                                     |
| Town of Franklinton                             | 29,592                                    |
| Other Entities                                  | 7,110                                     |
| Prepaid expenses                                | 15,880                                    |
| Deposit towards van purchase                    | <u>9,151</u>                              |
| Total current assets                            | 237,688                                   |
| Capital Assets, net of accumulated depreciation | 114,098                                   |
| Other Asset - prepaid expense for vehicle usage | <u>1,416</u>                              |
| Total Assets                                    | <u><u>353,202</u></u>                     |
| <b>LIABILITIES</b>                              |   |
| Current Liabilities:                            |   |
| Accounts payable to various vendors             | 13,851                                    |
| Accrued payroll taxes                           | 2,038                                     |
| Deferred revenue - EFSP                         | <u>1,138</u>                              |
| Total current liabilities                       | <u><u>17,027</u></u>                      |
| <b>NET ASSETS</b>                               |   |
| Invested in Capital Assets                      | 114,098                                   |
| Restricted for:                                 |   |
| Nutrition Services - Home-delivered Meals       | 24,643                                    |
| Utility Assistance                              | 12,251                                    |
| Medicaid Prescription Drug Program Assistance   | 4,224                                     |
| Fees  | 458                                       |
| Unrestricted:                                   |   |
| Designated for Home Repairs                     | 8,900                                     |
| Undesignated                                    | <u>171,601</u>                            |
| Total Net Assets                                | <u><u>\$ 336,175</u></u>                  |

The accompanying notes to the basic financial statements are an integral part of this statement.

## EXHIBIT B

## STATEMENT OF ACTIVITIES

Washington Council on the Aging, Inc.  
Franklinton, Louisiana  
For the year ended June 30, 2008

| Functions/Programs   | Program Revenues   |                      |                         |                                       |  | Net (Expense)<br>Revenue and<br>Increase<br>(Decrease) in<br>Net Assets |
|--|--------------------|----------------------|-------------------------|---------------------------------------|--|---|
|  | Direct<br>Expenses | Indirect<br>Expenses | Charges for<br>Services | Operating Grants and<br>Contributions | Capital Grants<br>and<br>Contributions |   |
| <b>Governmental Activities</b>                               |                    |                      |                         |                                       |  |   |
| <b>Health, Welfare &amp; Social Services:</b>                |                    |                      |                         |                                       |  |   |
| Supportive Services:   |                    |                      |                         |                                       |  |   |
| Transportation of the elderly                                | \$ 130,104         | \$ 34,558            | \$ 0                    | \$ 151,949                            | \$ 0                                   | \$ (12,713)   |
| Homemaker  | 20,789             | 5,612                | 0                       | 9,360                                 | 0                                      | (17,041)  |
| Information and Assistance                                   | 7,312              | 1,975                | 0                       | 1,256                                 | 0                                      | (8,031)   |
| Outreach   | 10,078             | 2,721                | 0                       | 1,078                                 | 0                                      | (11,721)  |
| Recreation   | 617                | 166                  | 0                       | 0                                     | 0                                      | (783)   |
| Telephoning  | 198                | 53                   | 0                       | 1,666                                 | 0                                      | 1,415   |
| Home Repairs   | 6,750              | 0                    | 0                       | 7,836                                 | 0                                      | 1,086   |
| Utility Assistance   | 7,727              | 154                  | 0                       | 7,445                                 | 0                                      | (436)   |
| Transportation Services - non elderly:                       |                    |                      |                         |                                       |  |   |
| Job Access   | 134,890            | 44,524               | 0                       | 136,871                               | 0                                      | (42,543)  |
| General Public   | 198,228            | 54,351               | 131,378                 | 123,543                               | 0                                      | 2,342   |
| Nutrition Services:  |                    |                      |                         |                                       |  |   |
| Congregate Meals   | 40,201             | 11,983               | 0                       | 31,865                                | 0                                      | (20,319)  |
| Home Delivered Meals   | 53,791             | 8,963                | 0                       | 71,518                                | 0                                      | 8,764   |
| Food bank & vouchers   | 16,259             | 0                    | 0                       | 16,259                                | 0                                      | 0   |
| Disease Prevention and Health Promotion                      | 1,634              | 621                  | 0                       | 3,497                                 | 0                                      | 1,242   |
| Family Caregiver Support                                     | 2,011              | 725                  | 0                       | 1,050                                 | 0                                      | (1,686)   |
| Medicaid Prescription Drug Assistance                        | 4,680              | 0                    | 0                       | 0                                     | 0                                      | (4,680)   |
| Senior Citizen Activities                                    | 4,811              | 0                    | 0                       | 400                                   | 0                                      | (4,411)   |
| <b>Administration</b>  | 167,504            | (166,406)            | 0                       | 1,098                                 | 0                                      | 0   |
| <b>Total governmental activities</b>                         | <b>\$ 807,584</b>  | <b>\$ 0</b>          | <b>\$ 131,378</b>       | <b>\$ 566,691</b>                     | <b>\$ 0</b>                            | <b>\$ (109,515)</b>   |
|  |                    |                      |                         |                                       |  |   |
| General Revenues:  |                    |                      |                         |                                       |  |   |
| Grants and contributions not restricted to specific programs |                    |                      |                         |                                       | 87,739                                 |   |
| Interest income  |                    |                      |                         |                                       | 841                                    |   |
| Facility rental, net of direct depreciation                  |                    |                      |                         |                                       | 4,272                                  |   |
| Miscellaneous  |                    |                      |                         |                                       | 3,700                                  |   |
| <b>Total General Revenues</b>                                |                    |                      |                         |                                       |  | <b>96,552</b>   |
| Increase (Decrease) in net assets                            |                    |                      |                         |                                       |  | (12,963)  |
| Net assets - beginning of the year                           |                    |                      |                         |                                       |  | 349,138   |
| Net assets - end of the year                                 |                    |                      |                         |                                       |  | <b>\$ 336,175</b>   |

The accompanying notes to the basic financial statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

## EXHIBIT C

FUND BALANCE SHEET  
GOVERNMENTAL FUNDSWashington Council on the Aging, Inc.  
Franklinton, Louisiana  
June 30, 2008

|   | General Fund      | Title III B     | Title III C-1   | Title III C-2   | Section<br>5311  | JARC             | Non-Major<br>Funds | Total<br>Governmental<br>Funds |
|---|-------------------|-----------------|-----------------|-----------------|------------------|------------------|--------------------|--------------------------------|
| <b>ASSETS</b>   |                   |                 |                 |                 |                  |                  |                    |                                |
| Cash  | \$ 135,050        | \$ 0            | \$ 0            | \$ 0            | \$ 0             | \$ 0             | \$ 20,016          | \$ 155,066                     |
| Receivables:  |                   |                 |                 |                 |                  |                  |                    |                                |
| Capital Area Agency on Aging  | 0                 | 6,893           | 2,421           | 5,427           | 0                | 0                | 1,516              | 16,257                         |
| Office of Family Support  | 4,632             | 0               | 0               | 0               | 0                | 0                | 0                  | 4,632                          |
| Town of Franklinton   | 0                 | 0               | 0               | 0               | 18,518           | 11,074           | 0                  | 29,592                         |
| Other Entities  | 6,918             | 0               | 192             | 0               | 0                | 0                | 0                  | 7,110                          |
| Prepaid expenditures  | 14,246            | 0               | 0               | 0               | 0                | 0                | 0                  | 14,246                         |
| Deposit towards van purchase  | 9,151             | 0               | 0               | 0               | 0                | 0                | 0                  | 9,151                          |
| Due from other governmental funds   | 39,172            | 0               | 0               | 0               | 0                | 0                | 0                  | 39,172                         |
| <b>Total Assets</b>   | <b>\$ 209,169</b> | <b>\$ 6,893</b> | <b>\$ 2,613</b> | <b>\$ 5,427</b> | <b>\$ 18,518</b> | <b>\$ 11,074</b> | <b>\$ 21,532</b>   | <b>\$ 275,226</b>              |
| <b>LIABILITIES AND FUND BALANCES</b>  |                   |                 |                 |                 |                  |                  |                    |                                |
| <b>Liabilities</b>  |                   |                 |                 |                 |                  |                  |                    |                                |
| Accounts payable  | 4,579             | 3,348           | 910             | 747             | 0                | 1,858            | 2,409              | 13,851                         |
| Accrued payroll taxes   | 2,038             | 0               | 0               | 0               | 0                | 0                | 0                  | 2,038                          |
| Deferred revenue  | 0                 | 0               | 0               | 0               | 0                | 0                | 1,138              | 1,138                          |
| Due to other governmental funds   | 0                 | 3,545           | 1,703           | 4,680           | 18,518           | 9,216            | 1,510              | 39,172                         |
| <b>Total Liabilities</b>  | <b>6,617</b>      | <b>6,893</b>    | <b>2,613</b>    | <b>5,427</b>    | <b>18,518</b>    | <b>11,074</b>    | <b>5,057</b>       | <b>56,199</b>                  |
| <b>Fund Balances</b>  |                   |                 |                 |                 |                  |                  |                    |                                |
| Reserved, reported in:  |                   |                 |                 |                 |                  |                  |                    |                                |
| General Fund:   |                   |                 |                 |                 |                  |                  |                    |                                |
| Prepaid expenditures  | 14,246            | 0               | 0               | 0               | 0                | 0                | 0                  | 14,246                         |
| Home-delivered meals  | 24,643            | 0               | 0               | 0               | 0                | 0                | 0                  | 24,643                         |
| Van purchase deposit  | 9,151             | 0               | 0               | 0               | 0                | 0                | 0                  | 9,151                          |
| Fees  | 458               | 0               | 0               | 0               | 0                | 0                | 0                  | 458                            |
| Unreserved, Designated reported in:   |                   |                 |                 |                 |                  |                  |                    |                                |
| General Fund - designated for home repairs  | 8,900             | 0               | 0               | 0               | 0                | 0                | 0                  | 8,900                          |
| Unreserved/Undesignated, reported in:   |                   |                 |                 |                 |                  |                  |                    |                                |
| General Fund  | 145,154           | 0               | 0               | 0               | 0                | 0                | 0                  | 145,154                        |
| Special Revenue Funds   | 0                 | 0               | 0               | 0               | 0                | 0                | 16,475             | 16,475                         |
| <b>Total Fund Balances</b>  | <b>202,552</b>    | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>         | <b>0</b>         | <b>16,475</b>      | <b>219,027</b>                 |
| <b>Total Liabilities and Fund Balances</b>  | <b>\$ 209,169</b> | <b>\$ 6,893</b> | <b>\$ 2,613</b> | <b>\$ 5,427</b> | <b>\$ 18,518</b> | <b>\$ 11,074</b> | <b>\$ 21,532</b>   |                                |
| <b>Amounts reported for governmental activities in the statement of net assets are different because:</b>                                       |                   |                 |                 |                 |                  |                  |                    |                                |
| - Prepaid expenses relating to vehicle usage are not financial resources and therefore are not reported as assets in the governmental funds     |                   |                 |                 |                 |                  |                  |                    | 3,050                          |
| - Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds |                   |                 |                 |                 |                  |                  |                    | 114,098                        |
| <b>Net Assets of Governmental Activities</b>  |                   |                 |                 |                 |                  |                  |                    | <b>\$ 336,175</b>              |

The accompanying notes to the basic financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Washington Council on the Aging, Inc.  
Franklinton, Louisiana  
For the year ended June 30, 2008

|  | General    | Title III | Title III | Title III | Section   |          | Nonmajor  | Total        |
|--|------------|-----------|-----------|-----------|-----------|----------|-----------|--------------|
|  | Fund       | B         | C-1       | C-2       | 5311      | JARC     | Funds     | Governmental |
|  |            |           |           |           |           |          |           | Funds        |
| <b>REVENUES</b>                              |            |           |           |           |           |          |           |              |
| Intergovernmental:                           |            |           |           |           |           |          |           |              |
| Capital Area Agency on Aging (CAAA)          | \$ 0       | \$ 88,968 | \$ 10,795 | \$ 44,942 | \$ 0      | \$ 0     | \$ 5,645  | \$ 150,350   |
| Governor's Office of Elderly Affairs         | 20,660     | 0         | 0         | 0         | 0         | 0        | 53,767    | 74,427       |
| United Way of America                        | 0          | 0         | 0         | 0         | 0         | 0        | 34,740    | 34,740       |
| Town of Franklinton                          | 0          | 0         | 0         | 0         | 201,196   | 136,871  | 0         | 338,067      |
| Washington Parish Government                 | 4,200      | 0         | 0         | 0         | 0         | 0        | 0         | 4,200        |
| Public Support (Restricted):                 |            |           |           |           |           |          |           |              |
| Client contributions                         | 0          | 2,670     | 21,070    | 8,095     | 0         | 0        | 0         | 31,835       |
| Various utility companies                    | 0          | 0         | 0         | 0         | 0         | 0        | 7,099     | 7,099        |
| Public Support (Unrestricted):               |            |           |           |           |           |          |           |              |
| United Way                                   | 5,425      | 0         | 0         | 0         | 0         | 0        | 0         | 5,425        |
| Other general public donations               | 7,887      | 0         | 0         | 0         | 0         | 0        | 0         | 7,887        |
| Program Service Fees (charges for services): |            |           |           |           |           |          |           |              |
| Transportation:                              |            |           |           |           |           |          |           |              |
| Office of Family Support                     | 90,144     | 0         | 0         | 0         | 0         | 0        | 0         | 90,144       |
| Public Fares                                 | 13,709     | 0         | 0         | 0         | 0         | 0        | 0         | 13,709       |
| Other Entities                               | 27,525     | 0         | 0         | 0         | 0         | 0        | 0         | 27,525       |
| Interest Income                              | 841        | 0         | 0         | 0         | 0         | 0        | 0         | 841          |
| Miscellaneous:                               |            |           |           |           |           |          |           |              |
| Rental of facilities                         | 6,000      | 0         | 0         | 0         | 0         | 0        | 0         | 6,000        |
| Proceeds from Sale of Vehicles               | 3,700      | 0         | 0         | 0         | 0         | 0        | 0         | 3,700        |
| Miscellaneous                                | 400        | 0         | 0         | 0         | 0         | 0        | 0         | 400          |
| Total revenues                               | 180,491    | 91,638    | 31,865    | 53,037    | 201,196   | 136,871  | 101,251   | 796,349      |
| <b>EXPENDITURES</b>                          |            |           |           |           |           |          |           |              |
| Health, Welfare, & Social Services:          |            |           |           |           |           |          |           |              |
| Current:                                     |            |           |           |           |           |          |           |              |
| Personnel                                    | 152,001    | 138,446   | 38,247    | 22,789    | 0         | 121,938  | 8,341     | 481,762      |
| Fringe                                       | 17,039     | 15,121    | 3,238     | 2,473     | 0         | 13,384   | 739       | 51,994       |
| Travel                                       | 1,608      | 5,050     | 348       | 634       | 0         | 529      | 34        | 8,203        |
| Operating Services                           | 27,432     | 19,317    | 3,624     | 8,174     | 0         | 15,035   | 194       | 73,776       |
| Operating Supplies                           | 41,103     | 23,282    | 3,408     | 5,621     | 0         | 18,122   | 595       | 92,131       |
| Other Costs                                  | 9,561      | 6,204     | 1,700     | 583       | 0         | 4,220    | 18,363    | 40,631       |
| Full Service                                 | 0          | 6,644     | 0         | 0         | 0         | 0        | 0         | 6,644        |
| Meals  | 0          | 0         | 0         | 0         | 0         | 0        | 34,286    | 34,286       |
| Utility Assistance                           | 0          | 0         | 0         | 0         | 0         | 0        | 7,156     | 7,156        |
| Capital Outlay                               | 23,371     | 0         | 0         | 0         | 0         | 0        | 0         | 23,371       |
| Total expenditures                           | 272,115    | 214,064   | 50,565    | 40,274    | 0         | 173,228  | 69,708    | 819,954      |
| Excess of revenues over (under) expenditures | (91,624)   | (122,426) | (18,700)  | 12,763    | 201,196   | (36,357) | 31,543    | (23,605)     |
| <b>OTHER FINANCING SOURCES (USES)</b>        |            |           |           |           |           |          |           |              |
| Operating transfers in                       | 150,729    | 131,724   | 26,116    | 0         | 0         | 36,357   | 19,394    | 364,320      |
| Operating transfers out                      | (77,972)   | (9,298)   | (7,416)   | (12,763)  | (201,196) | 0        | (55,675)  | (364,320)    |
| Net increase (decrease) in fund balances     | (18,867)   | 0         | 0         | 0         | 0         | 0        | (4,738)   | (23,605)     |
| <b>FUND BALANCE (DEFICIT)</b>                |            |           |           |           |           |          |           |              |
| Beginning of year                            | 221,419    | 0         | 0         | 0         | 0         | 0        | 21,213    | 242,632      |
| End of year                                  | \$ 202,552 | \$ 0      | \$ 0      | \$ 0      | \$ 0      | \$ 0     | \$ 16,475 | \$ 219,027   |

The accompanying notes to the basic financial statements are an integral part of this statement.



EXHIBIT E

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities

Washington Council on the Aging, Inc.  
Franklinton, Louisiana

For the year ended June 30, 2008

|   |             |
|---|-------------|
| Net Increase (Decrease) in Fund Balances - Total Governmental Funds | \$ (23,605) |
|---|-------------|

Governmental funds report the amounts the Council expends as local "matching" funds on capital assistance grants, which result in another government obtaining title to the capital assets acquired under the grants, as intergovernmental expenditures. However, because the Council gets to use the capital assets in lieu of having paid the required local match, the Council records the amounts it paid in the Statement of Net Assets as a prepaid expense, which will be amortized over the estimated useful lives of the capital assets. This reconciling amount represents the amount by which the amortization expense (\$4,929) exceeded intergovernmental expenditures (\$0) this year.

(4,929)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$23,371) exceeds depreciation (\$7,800) in this year.

15,571

|  |                    |
|--|--------------------|
| Increase (Decrease) of Net Assets of Governmental Activities | <u>\$ (12,963)</u> |
|--|--------------------|

The accompanying notes to the basic financial statements are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**Washington Council on the Aging, Inc.  
Franklinton, Louisiana  
June 30, 2008**

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Washington Council on the Aging, Inc. (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The following is a summary of certain significant accounting policies used by the Council:

**a. Purpose of the Council on Aging**

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in Washington Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish and state; to provide for the mutual exchange of ideas and information on the parish and state level; to conduct public meetings; to make recommendations for needed improvements and additional resources; to promote the welfare of aging people; to coordinate and monitor services with other local agencies serving the aging people of the parish; to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), Capital Area Agency on Aging- District II, Inc. (CAAA), and other departments of state and local government serving the elderly, and; to make recommendations relevant to the planning and delivery of services to the elderly of the Parish.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**a. Purpose of the Council on Aging - (Continued)**

Specific services provided by the Council to the elderly residents of Washington Parish include providing congregate and home delivered meals, information and assistance, outreach, utility assistance, homemaker services, recreation, telephoning, disease prevention & health promotion, enrollment and education about available prescription drug plans, and family caregiver support. The Council also provides various types of transportation services to the general public of the Washington Parish, with a special emphasis being placed on transporting the elderly and those persons requiring job access and job training.

**b. Reporting Entity**

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. In 1979, the Louisiana Legislature created the Governor's Office of Elderly Affairs (GOEA) (La. R.S. 46:931) with the specific intention that GOEA administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Before a council on aging can begin operations in a specific parish, its application for a charter must receive approval from GOEA pursuant to Louisiana Revised Statute (La. R.S.) 46:1602. Each council on aging in Louisiana must comply with the state laws that apply to quasi-public agencies as well as the policies and regulations established by GOEA.

The Washington Council on the Aging, Inc. (the Council) is a legally separate, non-profit, quasi-public corporation. The Council received its charter from the Governor of the State of Louisiana on October 5, 1971 and subsequently incorporated on December 15, 1972 under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**b. Reporting Entity - (Continued)**

A board of directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected in the following manner:

- Eleven members, who are at least 60 years old, shall be elected by the membership to represent seven different communities of Washington Parish.
- The Washington Parish Government and various public agencies, which serve the elderly, shall appoint four members.

The Washington Parish Government (WPG) does not appoint a voting majority of the Council on Aging's board and the WPG does not intend to impose its will to affect the operations of the Council on Aging. Further, the Washington Parish Government does not provide any specific financial benefits and does not assume any specific financial burdens of the Council on Aging. As a result, the Council on Aging is not a component unit of the Washington Parish Government.

Membership in the Council is open at all times, without restriction, to all residents of Washington Parish who have reached the age of 60 and who express an interest in the Council and wish to contribute to or share in its programs. Associate memberships shall be granted to those persons who have not yet reached the age of 60 but serve on committees of the Council. Membership fees are not charged.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**b. Reporting Entity - (Continued)**

Based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, the Council is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in this statement, the Council has presented its financial statements as a stand-alone, special-purpose government; accordingly, it is applying the provisions of Statement 14 as if it were a primary government.

**c. Basis of Presentation of the Basic Financial Statements**

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which purpose are to report individual major governmental funds and combined nonmajor governmental funds.

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business" type. The Council's functions and programs have all been categorized as "governmental" activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**c. Basis of Presentation of the Basic Financial Statements - (Continued)**

**Government-Wide Financial Statements:**

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net assets (financial position) resulting from the activities of the current fiscal year. Governmental activities generally are supported by intergovernmental revenues.

In the government-wide Statement of Net Assets only one column of numbers has been presented for total governmental activities. The numbers are presented on a consolidated basis and represent only governmental type activities.

The Statement of Net Assets has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Government-Wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted public support, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation and amortization, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants, and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Council did not receive any capital-specific grants this year.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**c. Basis of Presentation of the Basic Financial Statements - (Continued)**

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect expenses among various functions and programs in accordance with OMB Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses."

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services that are provided by a specific function or program to people or other entities. Contributions, grants, interest income, and miscellaneous revenues that are not included among program revenues are reported instead as general revenues in this statement. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence and are separately reported below general revenues.

**Fund Financial Statements:**

The fund financial statements present financial information that is very similar to that which was included in the general-purpose financial statements issued by governmental entities before Statement No. 34 required the format change.

The daily accounts and operations of the Council continue to be organized using funds and account groups. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

**Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**c. Basis of Presentation of the Basic Financial Statements – (Continued)**

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. In addition, management may also choose to report any other governmental fund as a major fund if it believes the fund is particularly important to financial statement users. For this year's fund financial statements, management chose to also include the Title III C-1 fund as a major fund. The nonmajor funds are summarized by category or fund type into a single column in the fund financial statements.

Governmental fund equity is called the fund balance. Fund balance is further classified as reserved and unreserved, with unreserved being further split into designated and undesignated. Reserved means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

*The following is a description of the governmental funds of the Council:*

**The General Fund** is the general operating fund of the Council and is used to account for all financial resources except those required to be accounted for in another fund.



**Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**c. Basis of Presentation of the Basic Financial Statements – (Continued)**

The following is a brief description of the programs that comprise the Council's General Fund:

**Local**

The Council receives revenues that are not required to be accounted for in a specific program or fund. Accordingly, these revenues have been recorded in the local program of the General Fund. These funds are mostly unrestricted, which means they may be used at the Council's discretion. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditures, are charged to the local program. Because of their unrestricted nature, local funds are often transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their revenues.

**PCOA**

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs. The Council may use these "Act 735" funds at its discretion provided the program is benefiting people who are at least 60 years old. In fiscal year 2008, the Council transferred \$8,694, \$10,331 and \$1,635 of its PCOA funds to the Title III B fund, Title III C-1 fund and Title III E fund, respectively, to pay for program expenditures that exceeded the grant reimbursements from CAAA for those programs.

Near the end of last fiscal year, the Louisiana legislature passed a supplemental appropriations bill that provided an additional \$25,000 of PCOA funds to each council on aging in the state. The money was restricted by the state legislature for the purpose of purchasing supplies and other non-perishable durable goods for the elderly. The Council had not expended any of the \$25,000 supplemental PCOA funds as of June 30, 2007. However, in FY 2008 the Council expended \$22,560 on various capital outlays and \$2,440 to buy small dollar equipment items along with program supplies.

**Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**c. Basis of Presentation of the Basic Financial Statements – (Continued)**

**Fundraiser**

The Council held a comedy show as a fundraiser during the year for the purpose of raising additional funds to support senior citizen activities. The Council raised \$644 from this fundraiser.

**Local Transportation**

The Council provides a variety of transportation services to the residents of Washington Parish who are not elderly (under 60 years old) for a fee. Transportation services provided to residents who are elderly (at least 60 years old) are accounted for in the transportation program of the Title III B Fund and those related to job access (irrespective of age) are accounted for in the JARC Fund. All other transportation services are accounted for in the "Local Transportation" program of the General Fund. Most of the people who receive transportation services in this program are under 60 years old and do not qualify for free transportation services under one of the Council's grant programs.

During the fiscal year, the primary transportation services provided under this program consisted of the following:

- The Council participates in a contract with the Louisiana Department of Social Services' (DSS) Office of Family Support (OFS). This program provides transportation services to people who are participants in the STEP program. In FY 2008 the Council provided 3,756 trips under this contract, which generated \$90,144 of program service fees.

**Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**c. Basis of Presentation of the Basic Financial Statements – (Continued)**

- The Council will also transport people under age 60 who pay cash fare for the service. Passengers are charged a fee per one-way trip based on the distance of the trip. In FY 2008 this transportation service generated \$13,709 of program service fees.
- The Council also provided transportation services to Youthbuild LTI, the Regina Coeli Center, CCP Wound Care, Magnolia Behaviorable, Volunteers of America, and the Washington Parish School Board. The services it provided these entities generated \$27,526 of program service fees.

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Council has established several special revenue funds. The following are brief descriptions of the purpose of each special revenue fund and their classification as either a major or nonmajor governmental fund:

**Major Governmental Funds:**

**Title III B Fund**

The Title III B Fund is used to account for funds that are used to provide various units of supportive social services to the elderly. GOEA has established the criteria for a qualifying unit of service for each Title III program. Specific supportive services, along with the number of units provided during the fiscal year, are as follows:

|   | <u>Units</u> |
|---|--------------|
| Information and Assistance                | 533          |
| Outreach                                  | 275          |
| Homemaker                                 | 1,207        |
| Telephoning                               | 8,137        |
| Transportation for people age 60 or older | 11,296       |
| Recreation                                | 2,326        |
| Home repairs                              | 78           |
| Utility assistance                        | 41           |

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**c. Basis of Presentation of the Basic Financial Statements - (Continued)**

**Title III C-1 Fund**

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout Washington Parish. The Council maintains meal-sites in Franklinton, Pine, and Bogalusa. During the year the Council provided 26,387 meals to people eligible to participate in this program. The Council also provided 96 units of nutrition education under this program.

**Title III C-2 Fund**

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals to homebound people who are age 60 or older. During the year the Council provided 35,451 home-delivered meals. The Council also provided 172 units of nutrition education under this program.

**Section 5311 Fund**

The Section 5311 Fund was established to account for funds under the U.S. Department of Transportation's Public Transportation for Nonurbanized Areas - Section 5311 Program. The Louisiana Department of Transportation and Development (DOTD) receives these funds for the State of Louisiana and passes them through to the Council via the Town of Franklinton. Funds earned and received by the Council are based on actual operating costs of providing transportation services to rural residents within Washington Parish. Section 5311 funds are used as interfund transfers to help pay for costs incurred in providing transportation services under the Council's various transportation programs.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**c. Basis of Presentation of the Basic Financial Statements - (Continued)**

**JARC Fund**

The JARC Fund was established to account for funds relating to the Job Access-Reverse Commute (JARC) program established by the Federal Transit Administration's Department of Transportation. The purpose of the JARC program is to improve "job access" by developing and financing transportation services to connect welfare recipients and low-income persons to employment and support services. The Louisiana Department of Transportation and Development (DOTD) receives the JARC funds for the State of Louisiana and passes them through to the Council via the Town of Franklinton.

The Council earns JARC funds based on actual operating costs. In addition, the JARC program limits the amount of cost reimbursement to 50% of the actual costs incurred to provide the program services. Accordingly, the Council obtained a Temporary Assistance for Needy Families (TANF) grant. Some of the objectives of the TANF grant are consistent with the objectives of the JARC grant. Accordingly, the Council was able to use the TANF funds as the required matching funds to obtain the JARC grant. The Louisiana Department of Social Services (DSS)- Office of Family Support (OFS) receives the TANF funds for the State of Louisiana and passes them through to the Council via the Town of Franklinton. TANF funds are also earned by the Council based on actual operating costs incurred.

**Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**c. Basis of Presentation of the Basic Financial Statements – (Continued)**

**Nonmajor Governmental Funds:**

**Medicare Prescription Drug Program Assistance Fund**

This fund was initially used to account for the administration of a special \$15,000 grant the Council received in FY 2005 from Ogilvy Public Relations Worldwide, Inc. for the purpose of enrolling senior citizens in a Medicare-approved drug discount card program. This service was continued into FY 2006 but phased out by the time that year ended. Afterwards, the Council's purpose for this fund changed to assisting senior citizens in choosing and enrolling in a Medicare Part D prescription drug plan. After Ogilvy's funds were consumed, the Council has provided services under this program with funds from Capital Area Agency on Aging.

**Title III D Fund**

The Title III D Fund is used to account for funds used for disease prevention and health promotion (wellness) activities. During the year the Council provided 2,191 units of wellness service and 278 units of medication management to eligible participants.

**Title III E Fund**

The Title III E Fund accounts for funds relating to the National Family Caregiver Support program, which targets older, low-income individuals. During the year, the Council provided 18 units of information and assistance under this program.

**Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**c. Basis of Presentation of the Basic Financial Statements – (Continued)**

**Senior Center Fund**

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide community service centers at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The Council maintains three senior centers in Washington Parish. Senior Center funds can be used at management's discretion to support any of the Council's programs, which benefit the elderly. Accordingly, during the year, management transferred all of its Senior Center funds (\$50,667), to the Title III B Fund (\$37,428), the Title III C-1 Fund (\$12,685), and the Title III D Fund (\$554), to subsidize the cost of providing services to the elderly in the programs of those funds.

**Supplemental Senior Center Fund**

The Louisiana Legislature appropriated additional money for various councils on aging throughout the state to be used to supplement the primary state grant for senior centers. The Council was one of the parish councils to receive a supplemental grant of \$3,100. The Governor's Office of Elderly Affairs provided these funds to the Council. The money received by this fund during the year was transferred the Title III C-1 Fund to offset the cost of providing services to the elderly in this fund.

**Audit Fund**

The Audit Fund is used to account for funds that are to be used as a subsidy to pay for the cost of having an annual audit of the Council's financial statements. The full cost of the audit (\$18,303) is charged to this fund. The audit costs that exceed the subsidy are paid for with a transfer of Local program funds. GOEA provided \$1,098 of audit subsidy funds to the Council via the Capital Area Agency on Aging.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**c. Basis of Presentation of the Basic Financial Statements - (Continued)**

**Utility Assistance Fund**

This fund is used to account for the administration of the utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging throughout the state to provide assistance to the elderly for the payment of utility bills. Entergy and WST program contributions can only be used to pay for direct services. In contrast, the Council is able to keep 7% of any CLECO program funds for administrative purposes. During the year, the Council provided funds to 55 different people to assist them with paying their utility bills. Although each utility assistance program has its own unique benefit guidelines, a person can generally receive up to \$200 of assistance three times within a year.

**EFSP Fund**

The EFSP Fund is used to account for the administration of the Emergency Food and Shelter National Board Program (EFSP), the purpose of which is to supplement food and shelter assistance to individuals. Funds are provided by the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) to the United Way of America, which in turn "passes through" the funds to the Council. A local board working with Washington Parish's local United Way agency assists the Council in obtaining EFSP funds. During the fiscal year, \$18,481 of EFSP funds were used to purchase home delivered meals; food vouchers totaling \$375 were distributed to 7 people to help them buy food; and \$15,430 was donated to the Bogalusa Help Center to provide shelf stable meals for the community's food bank. The Council is allowed to use 2% of EFSP funds on administrative costs. During the fiscal year, the Council spent \$455 on supplies for the program.



**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**d. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

- **Government-wide Financial Statements - Accrual Basis**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

- **Fund Financial Statements - Modified Accrual Basis**

Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be "available" if they are collected within sixty days of the current fiscal year end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if any, are recorded when due, and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation and amortization are costs that are not recognized in the governmental funds.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES - (Continued)**

**e. Interfund Activity**

In the fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid.

In the government-wide financial statements, all types of interfund transactions are eliminated when presenting the governmental activity information.

**f. Cash**

Cash includes not only currency on hand, but demand deposits with banks or other financial institutions.

For the purposes of the Statement of Net Assets, restricted cash are amounts received or earned by the Council with an explicit understanding between the Council and the resource provider that the resource would be used for a specific purpose.

**g. Receivables**

The financial statements for the Council do not contain an allowance for uncollectible receivables because management believes all amounts will be collected. However, if management becomes aware of information that would change its assessment about the collectibility of any receivable, management would write off the receivable as a bad debt at that time.

**Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES – (Continued)**

**h. Prepaid Expenses/Expenditures**

Prepaid expenses include amounts paid in advance for goods and services. Prepaid expenses are shown as either current or other assets on the government-wide Statement of Net Assets, *depending on when management expects to realize their benefits.*

In the fund financial statements, the Council has elected not to include amounts paid for future goods and services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure the Council's management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

For purposes of presenting prepaid expenses in the Statement of Activities, the Council will follow the same policy it uses to record prepaid expenditures in the fund financial statements with one exception. Disbursements made as "matching" payments to acquire vehicles that will be owned by another government are capitalized and amortized in the government-wide statements as prepaid expenses to better present the economies of this type of transaction and to keep from distorting the Council's transportation activities in the Statement of Activities. In contrast, 100% of the "matching" payments are reported in the fund financial statements as intergovernmental expenditures when the vehicles are received.

**Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES – (Continued)**

**i. Capital Assets:**

The accounting and reporting treatment used for property, vehicles, and equipment (capital assets) depends on whether the capital assets are reported in the government-wide financial statements or the fund financial statements.

**Government-Wide Financial Statements**

Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the government-wide statement of Net Assets. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation. Capital assets will also include major repairs to equipment and vehicles that significantly extend the asset's useful life. Routine repairs and maintenance are expensed as incurred.

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The Council follows a guideline issued by the State of Louisiana's Office of Statewide Reporting and Accounting to establish the useful lives of the various types of capital assets that are depreciated and the method used to calculate annual depreciation. Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

|                                  |               |
|----------------------------------|---------------|
| Equipment – other than computers | 6 to 10 years |
| Vehicles                         | 5 years       |
| Computer equipment               | 5 years       |
| Building and improvements        | 40 years      |

When calculating depreciation, the State's guideline assumes that capital assets will not have any salvage value and that a full year's worth of depreciation will be taken in the year the capital assets are placed in service or disposed.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**i. Capital Assets: - (Continued)**

**Fund Financial Statements**

In the fund financial statements, capital assets used in the Council's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation is not computed or recorded on capital assets for purposes of the fund financial statements.

**j. Non-Current (Long-term) Liabilities**

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, all non-current liabilities that will be repaid from governmental resources are reported as liabilities in the government-wide statements. The Council did not have any non-current liabilities at year-end. In the fund financial statements, non-current liabilities for governmental funds are not reported as liabilities or presented anywhere else in these statements.

**k. Unpaid Compensated Absences**

The Council's annual leave policy requires employees to consume any annual leave they might earn within the Council's fiscal year. In other words, an employee must "use or lose" any earned leave on or before June 30<sup>th</sup> of every year. However, sick leave is treated a little differently. An employee can carryover up to 480 hours of unused sick leave each year, however, the Council does not permit an employee to get paid for any unused sick leave upon termination. As a result of these policies, the Council has not accrued a liability for any type of unused leave in the financial statements. The Council's management has established its leave policies in this manner to minimize the Council's exposure to a future liability for which the Council may not have the funds to pay.

**Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**l. Deferred Revenue**

The Council reports deferred revenues on both the Statement of Net Assets (government-wide) and the Balance Sheet of the fund financial statements. Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets and the Balance Sheet, whichever the case might be, and the revenue is recognized. At year end the Council had \$1,138 of deferred EFSP revenue.

**m. Advances from Funding Agency**

Advances from funding agency represent unexpended balances of grants awarded to the Council that are required to be returned to the funding agency at the end of the grant period. Grant funds due back to the funding agency are recorded as a liability when the amount due becomes known, normally when a final accounting is submitted to the funding agency. The Council did not have advances from any funding agency at year-end.

**n. Net Assets in the Government-wide Financial Statements**

In the government-wide Statement of Net Assets, the Net Asset amount is classified and displayed in three components:

- **Invested in capital assets** – This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. At year-end the Council did not report any borrowings that were related to capital assets.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**n. Net Assets in the Government-wide Financial Statements - (Continued)**

- Restricted net assets – This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This component consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets."
- When both restricted and unrestricted resources are available for use, the Council's policy is to use restricted resources first to finance its activities, except as follows:
  - a. In cases where the Council holds fundraisers or solicits donations for the specific purpose of generating local public support for a specific program, the Council will use the restricted donations after it has first used up any grant funds and program income. This is the case with the net assets that are restricted for home-delivered meals.

**o. Fund Equity - Fund Financial Statements**

Governmental fund equity is classified as fund balance. Fund Balance may be further classified as reserved and unreserved, with unreserved further split into designated and undesignated. Reserved means that the Council has "reserved" portions of its fund balance that are not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets which make them only available to meet future obligations.

Designated fund balances result when the Council's management intends to expend certain resources in a designated manner. Designations of fund balances can be changed at the discretion of the Council's Board of Directors.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**p. Management's Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**q. Allocation of Indirect Expenses**

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct costs of the Administration function. The net cost of the Administration function is allocated using a formula that is based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect expense allocation according to their grant or contract restrictions.

**r. Elimination and Reclassifications**

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.



**Note 2 - Revenue Recognition**

Revenues are recorded in the government-wide financial statements when they are earned using the accrual basis of accounting.

Revenues are recorded in the fund financial statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees (charges for services), and interest income are usually both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are generally recorded as revenue in the period received.

**Note 3 - Cash Management, Bank Deposits and Investments**

As described in Louisiana law, the Council is classified as a quasi-governmental entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits and investments. However, it is the Council's policy to follow state law in an effort to minimize risks associated with bank deposits that exceed those currently covered by FDIC insurance.

The Council maintains a consolidated bank account at Parish National Bank to deposit most of the funds it receives and to pay its bills. The consolidated bank account is available for use by all funds; however, EFSP funds are managed through a separate account at Parish National Bank. The purpose of the consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds.

*Cash is reported at its carrying amount, which equals its fair value. At year-end, the carrying amount of the Council's cash balances on the books was \$155,066, whereas the bank balances totaled \$183,600. The difference in the book and bank balances relates primarily to deposits made and checks written which had not cleared the bank accounts by year-end. At year-end, \$100,000 of the bank balances were insured 100% by federal depository insurance. The remaining \$83,600 is uninsured but the bank has collateralized this amount by pledging securities, which are being held at the First National Banker's Bank, Baton Rouge, Louisiana on behalf of the Council.*

**Exhibit F**  
**(Continued)**

**Note 3 - Cash Management, Bank Deposits and Investments - (Continued)**

For purposes of the Statement of Net Assets, the cash balance of \$155,066 is comprised of restricted cash of \$41,576 and unrestricted cash of \$113,490. The Council has presented restricted cash as a component of current assets in the Statement of Net Assets because it is available for use in current operations.

The Council had no asset that would be classified as an investment at year-end.

**Note 4 - Changes in Capital Assets and Accumulated Depreciation**

A summary of changes in capital assets and related accumulated depreciation is as follows:

| Capital Assets<br>Being Depreciated       | Balance<br>June 30,<br>2007 | Additions        | Decreases      | Balance<br>June 30,<br>2008 |
|---|-----------------------------|------------------|----------------|-----------------------------|
| Vehicles                                  | \$ 56,439                   | \$ 14,553        | \$ 0           | \$ 70,992                   |
| Equipment                                 | 23,683                      | 5,618            | (2,887)        | 26,414                      |
| Buildings & Improvements                  | 143,981                     | 3,200            | 0              | 147,181                     |
| Land                                      | 9,000                       | 0                | 0              | 9,000                       |
| <b>Total Capital Assets</b>               | <b>233,103</b>              | <b>23,371</b>    | <b>(2,887)</b> | <b>253,587</b>              |
| Less Accumulated Depreciation:            |                             |                  |                |                             |
| Vehicles                                  | 56,439                      | 2,911            | 0              | 59,350                      |
| Equipment                                 | 21,623                      | 1,209            | (2,887)        | 19,945                      |
| Buildings & Improvements                  | 56,514                      | 3,680            | 0              | 60,194                      |
| <b>Total Accumulated Depreciation</b>     | <b>134,576</b>              | <b>7,800</b>     | <b>(2,887)</b> | <b>139,489</b>              |
| <b>Capital Assets Net of Depreciation</b> | <b>\$ 98,527</b>            | <b>\$ 15,571</b> | <b>\$ 0</b>    | <b>\$ 114,098</b>           |

None of the above amounts includes any donated asset. Also, the Council's management has reviewed the capital assets and does not believe any of them to have been impaired as of year-end.

**Note 4 - Changes in Capital Assets and Accumulated Depreciation - (Continued)**

Depreciation was charged to governmental activities as follows:

|   |                 |
|---|-----------------|
| Administration  | \$ 2,996        |
| Nutrition Services:                                       |                 |
| Congregate Meals  | 165             |
| Home Delivered Meals                                      | 2,911           |
| Direct offset against rental income                       | <u>1,728</u>    |
| Total depreciation expense<br>for governmental activities | <u>\$ 7,800</u> |

The \$2,996 of depreciation associated with the administration function relates to capital assets that essentially serve all functions. Accordingly, it is included as a direct expense of the administration function on the Statement of Activities and then allocated to other functions in accordance with the Council's method of allocating indirect expenses. The nutrition depreciation amounts (\$3,076) are charged as direct expenses to their related functions on the Statement of Activities. Finally, the depreciation of \$1,728 related to the building that is being rented, is offset against the rental income generated by the building, which is not a distinct program of the Council but merely an activity to generate general revenues.

**Note 5 - Prepaid Expenditures and Expenses**

At year-end, prepaid expenditures in the Fund Balance Sheet consisted of the following:

|                            |                  |
|----------------------------|------------------|
| Insurance premiums         | \$ 13,184        |
| Other prepaid expenditures | <u>1,062</u>     |
| Total prepaid expenditures | <u>\$ 14,246</u> |

**Note 5 - Prepaid Expenditures and Expenses - (Continued)**

At year-end, prepaid expenses in the Statement of Net Assets consisted of the following:

|                        | Current<br>Portion | Noncurrent<br>Portion |
|------------------------|--------------------|-----------------------|
| Insurance premiums     | \$ 13,184          | \$ 0                  |
| Other prepaid expenses | 1,062              | 0                     |
| Vehicle usage          | 1,634              | 1,416                 |
| Total prepaid expenses | <u>\$ 15,880</u>   | <u>\$ 1,416</u>       |

The current portion of prepaid expenses represents the amounts that management expects the Council to consume and economically benefit from in the next fiscal year. The noncurrent portions represent the amounts that will be amortized in future years based on an agreement that the Council has in effect with the Town of Franklinton for using its vehicles.

The difference between prepaid expenditures and prepaid expenses arises from transactions wherein the Council on Aging (COA) puts up all the "matching funds" under capital assistance grants the Town of Franklinton (Town) enters into with the Louisiana Department of Transportation and Development (DOTD) to acquire vehicles that the COA will use to provide public transportation to the general public of Washington Parish. The vehicles are titled in the name of the Town but the COA uses the vehicles for its transportation programs and must pay for all the operating costs. The funds the COA expends for the grant match are first recorded as a deposit in its Fund Balance Sheet and Statement of Net Assets when the funds are remitted to DOTD. Upon delivery of the vehicle to the COA, the deposit is reversed as an intergovernmental expenditure in the COA's fund financial statements. However, in the government-wide statements, the deposit is reclassified as a prepaid expense and amortized over the estimated useful life of the vehicle (60 months). The COA's management believes presenting the van match transactions in this manner in the government-wide financial statements will best present the economics of this type of transaction. A written lease exists between the Town and the COA that sets forth the terms of the agreement to use the Town's vehicles. This type of cooperative agreement to provide public transportation to the residents of Washington Parish has been used for many years.

**Note 6 – Fund Balances – Fund Financial Statements**

Usually, the fund balances of the special revenue funds are cleared out at year-end to comply with the administration and accounting policies of the grantor agencies that have awarded the Council certain grants. However, there are exceptions to this policy.

At year-end, a special revenue fund, the Utility Assistance Fund, had a remaining fund balance of \$12,251. The fund balance represents restricted contributions that have not been spent in accordance with the restrictions placed upon them by the utility companies that solicited the contributions from their customers and subsequently passed them on to the Council. The Council's management has elected to separately account for the utility assistance contributions in a special revenue fund to ensure accountability. Utility assistance fund balances are common amongst council on aging entities. Utility assistance is a supportive service rendered under the Council's Title III B program. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within the Title III B fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the Title III B activity separately from the utility assistance activities.

Also, another special revenue fund, the Medicaid Prescription Drug Assistance Fund, had a remaining fund balance of \$4,224. The Council intends to use the unspent funds to continue its promotion, enrollment, and education activities under this program. Accordingly, the unspent funds will remain in this fund until they are consumed.

*At year-end, the General Fund has \$48,498 of reserved funds that consist of the following:*

- \$24,643 – donated funds for home delivered meals
- \$14,246 – prepaid expenditures
- \$ 9,151 - deposit towards van purchase
- \$ 458 – funds to buy fans for the elderly

Note 7 - In-Kind Contributions

The Council received a variety of in-kind contributions during the year, but does not record the fair value of them in its government-wide and fund financial statements, except for the donation of capital assets. In the case of a donation of a capital asset, accounting principles for governmental entities require the fair value of a donated capital asset be recorded in the Statement of Activities at the time of acquisition. However, these same principles do not permit the recording of the fair value of capital assets (or other in-kind contributions) in the fund financial statements because of the measurement focus of such statements.

The Council received an in-kind contribution during the year in the form of free use of the meal site at Pine (12 months). The donor has estimated the value of the free use of the meal site to be \$250 per month. If this in-kind contribution had been recorded in the Statement of Activities its annual allocation would have been \$3,000 for Nutrition Services – Congregate Meals. The Council also received an in-kind contribution in the form of free rent, utilities and garbage pick up at its Bogalusa Senior Center from the City of Bogalusa. The City has valued these free services at \$1,500 per month. In addition, the City permits the Council to house its vans on the premises and the City estimates the value of the “garage fee” to be \$350 per month. The Bogalusa Senior Center benefits all programs administered by the Council.

The Council on Aging (COA) also receives in-kind support for its transportation programs. The COA has a fleet of 12 vehicles that it uses to provide public transportation in Washington Parish. Of the 12 vehicles, the Town of Franklinton (Town) owns 8 and the COA owns 4. The eight vehicles owned by the Town were all acquired under capital assistance grants wherein the federal government paid for 80% of the vehicle's cost and the remainder had to be paid for with local "matching" funds. The COA put up all the money for the local match for some of the 8 vehicles so that the Town could acquire them. In return for putting up the matching funds, the Town permits the COA to use the vehicles as long as they are operational. Therefore, the COA is receiving an in-kind contribution from the Town for the use of the vehicles owned by the Town. Management has estimated the in-kind use of the Town's vehicles to be \$19,719 for the fiscal year. The estimate was derived by first determining the amount the federal government paid for its share of the "match" for the vehicles. Then, the amount of federal match for each vehicle was amortized from the date at which the COA began using each vehicle using a 60-month estimated useful life. The amount for the period July 1, 2007 through June 30, 2008 was deemed to be the value of the

**Note 7 - In-Kind Contributions - (Continued)**

Town's in-kind contribution for vehicle usage. If the in-kind contribution for the vehicles had been recorded in the Statement of Activities, the allocation amongst the Council's transportation programs would have been \$8,408 for Elderly Transportation, \$8,187 for General Public Transportation, and \$3,124 for Job Access Transportation.

**Note 8 - Board of Directors' Compensation**

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members can request reimbursement for out-of-pocket expenses in accordance with the Council's travel policy when traveling on behalf of the Council.

**Note 9 - Income Tax Status**

The Council, a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. The Council is also exempt from Louisiana income tax.

The Council does not file a Form 990 because it has been determined to be an "affiliate of a governmental unit" within the meaning of Section 4 of Revenue Procedure 95-48, 1995-2 C.B. 418.

**Note 10 - Judgments, Claims, and Similar Contingencies**

There is no litigation pending against the Council as of year-end. Furthermore, the Council's management believes that any potential lawsuits would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

**Note 11 - Contingencies - Grant Programs**

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

**Note 12 - Economic Dependency**

The Council receives significant intergovernmental revenue directly from GOEA and indirectly from grants administered by CAAA on behalf of GOEA. The Louisiana Department of Transportation and Development also provides the Council with significant grant funds through the Town of Franklinton. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal or state level or the Council loses or fails to reapply for a grant, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in fiscal year 2009 relating to these grants.

**Note 13 - Risk Management**

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God.



**Note 14 - Deferred Compensation Plan**

The Council and its qualified employees participate in the State of Louisiana's Public Employees Deferred Compensation Plan, which is a nonqualified deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Great-West Life and Annuity Insurance Company administers the plan. The Plan is available to all employees who have worked at least six months. The Plan permits participating employees to defer up to the lesser of (1) 100% of their compensation or (2) \$15,500 (\$20,500 if over 50 years of age) per year. In addition, the Council will "match" one-half of any percentage less than or equal to 6% of a participant's deferral amount. All amounts contributed to the Plan by the employees and the Council are non-forfeitable thereby making them 100% vested by the employees. During this year, \$7,318 was contributed to the Plan via employee salary deferrals. The Council contributed \$3,357 as its matching share. The Plan does not meet the definition of a fiduciary fund; accordingly, the Council has not reported any amounts in these financial statements. Participation in the deferred compensation plan is at the option of each employee. The Council does not guarantee the benefits of any amounts contributed to the insurance company.

**Note 15 - Encumbrance (Purchase Commitment)**

The Council has agreed to provide the matching funds (20% of the total cost) for one vehicle that will be purchased under a federal public transportation capital assistance program. The vehicle purchase contract is between the Town of Franklinton and the Louisiana Department of Transportation and Development (DOTD). Because of the purchase commitment, the Council has encumbered (reserved) \$9,151 of its fund balance as of June 30, 2008. Management expects the vehicle to be delivered in fiscal year 2009.

**Note 16 - Lease Commitment**

On June 5, 2003 the Council entered into a joint endeavor agreement with the City of Bogalusa (the City) wherein the Council will lease from the City a building known as the Bogalusa Senior Center. The initial term of the lease will be for 5 years and will renew automatically for another 5 year term provided the Council is in compliance with the terms of the agreement and the Council has not given notice that it does not want to renew the lease. The annual lease payment is \$1. Terms of the lease require the Council to (1) pay for all the utilities of operating the building, (2) pay for repairs that costs less than \$301, (3) be responsible for daily maintenance and cleaning, and (4) furnish property and liability insurance coverage for the building and the Council's personal property contained therein. Note that beginning in October 2004, the City relieved the Council of paying for the monthly utilities for this location and began paying them on behalf of the Council. Also, beginning July 1, 2005 the City did not require the Council to pay the \$1 annual rent amount. See Note 7 (In-kind Contributions) in this report for additional information about the arrangement the Council has with the City relating to this facility.

**Exhibit F**  
**(Continued)**

**Note 17 - Interfund Receivables and Payables – Fund Financial Statements**

Because the Council operates its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant programs. Such advances create short-term interfund loans. A summary of these interfund loans, at year-end, is as follows:

|                                  | Receivable<br>From      | Payable<br>To           |
|----------------------------------|-------------------------|-------------------------|
| General Fund:                    |                         |                         |
| Major Funds:                     |                         |                         |
| Title III B                      | \$ 3,545                | \$ 0                    |
| Title III C-1                    | 1,703                   | 0                       |
| Title III C-2                    | 4,680                   | 0                       |
| Section 5311                     | 18,518                  | 0                       |
| JARC                             | 9,216                   | 0                       |
| Nonmajor Funds in the aggregate  | 1,510                   | 0                       |
| Totals for the General Fund      | <u>39,172</u>           | <u>0</u>                |
| Special Revenue Funds:           |                         |                         |
| Major Funds:                     |                         |                         |
| Title III B:                     |                         |                         |
| General Fund                     | 0                       | 3,545                   |
| Title III C-1:                   |                         |                         |
| General Fund                     | 0                       | 1,703                   |
| Title III C-2:                   |                         |                         |
| General Fund                     | 0                       | 4,680                   |
| Section 5311:                    |                         |                         |
| General Fund                     | 0                       | 18,518                  |
| JARC Fund:                       |                         |                         |
| General Fund                     | 0                       | 9,216                   |
| Nonmajor Funds in the aggregate: |                         |                         |
| General Fund                     | 0                       | 1,510                   |
| Totals for Special Revenue Funds | <u>\$ 0</u>             | <u>\$ 39,172</u>        |
| Totals for All Funds             | <u><u>\$ 39,172</u></u> | <u><u>\$ 39,172</u></u> |

**Exhibit F  
(Continued)**

**Note 18 - Interfund Transfers**

Operating transfers to and from the various funds are as follows for the fiscal year:

|   | Operating Transfers |            |
|---|---------------------|------------|
|   | In From             | Out To     |
| <b>General Fund:</b>                    |                     |            |
| Title III B Fund                        | \$ 9,298            | \$ 12,443  |
| Title III C-1 Fund                      | 7,416               | 10,331     |
| Title III C-2 Fund                      | 12,763              | 0          |
| Section 5311 Fund                       | 119,343             | 0          |
| JARC Fund                               | 0                   | 36,357     |
| Nonmajor Funds in the aggregate         | 1,909               | 18,841     |
| Total General Fund                      | 150,729             | 77,972     |
| <b>Title III B-Fund:</b>                |                     |            |
| General Fund                            | \$ 12,443           | \$ 9,298   |
| Section 5311 Fund                       | 81,853              | 0          |
| Nonmajor Funds in the aggregate         | 37,428              | 0          |
| Total Title III B Fund                  | 131,724             | 9,298      |
| <b>Title III C-1 Fund:</b>              |                     |            |
| General Fund                            | \$ 10,331           | \$ 7,416   |
| Nonmajor Funds in the aggregate         | 15,785              | 0          |
| Total Title III C-1 Fund                | 26,116              | 7,416      |
| <b>Title III C-2 Fund:</b>              |                     |            |
| General Fund                            | \$ 0                | \$ 12,763  |
| Total Title III C-2 Fund                | 0                   | 12,763     |
| <b>Section 5311 Fund:</b>               |                     |            |
| General Fund                            | \$ 0                | \$ 119,343 |
| Title III B Fund                        | 0                   | 81,853     |
| Total Section 5311 Fund                 | 0                   | 201,196    |
| <b>JARC Fund:</b>                       |                     |            |
| General Fund                            | \$ 36,357           | \$ 0       |
| Total JARC Fund                         | 36,357              | 0          |
| <b>Nonmajor Funds in the aggregate:</b> |                     |            |
| General Fund                            | \$ 18,841           | \$ 1,909   |
| Title III B Fund                        | 0                   | 37,428     |
| Title III C-1 Fund                      | 0                   | 15,785     |
| Nonmajor Funds in the aggregate         | 553                 | 553        |
| Total for Nonmajor Funds                | 19,394              | 55,675     |
| Grand Totals                            | \$ 364,320          | \$ 364,320 |

**Note 18 - Interfund Transfers - (Continued)**

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (b) shift unrestricted revenues collected in the General Fund and certain Special Revenue Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 19 - Related Party Transactions**

There were no related party transactions during the fiscal year.

**REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION BY GASB 34**

**Budgetary Comparison Schedule - General Fund**

**Washington Council on the Aging, Inc.  
Franklinton, Louisiana**

**For the year ended June 30, 2008**

|   | <u>Budgeted Amounts</u> |              | <u>Actual<br/>Amounts</u>             | <u>Variance with<br/>Final Budget</u> |
|---|-------------------------|--------------|---------------------------------------|---------------------------------------|
|   | <u>Original</u>         | <u>Final</u> | <u>Modified<br/>Accrual<br/>Basis</u> | <u>Favorable<br/>(Unfavorable)</u>    |
| <b>REVENUES</b>                         |                         |              |                                       |                                       |
| Intergovernmental:                      |                         |              |                                       |                                       |
| Governor's Office of Elderly Affairs    | \$ 20,660               | \$ 20,660    | \$ 20,660                             | \$ 0                                  |
| Washington Parish Government            | 4,200                   | 4,200        | 4,200                                 | 0                                     |
| Public Support - restricted             | 0                       | 0            | 0                                     | 0                                     |
| Public Support - unrestricted           | 3,200                   | 5,200        | 13,312                                | 8,112                                 |
| Program Service Fees                    | 78,323                  | 109,500      | 131,378                               | 21,878                                |
| Interest Income                         | 500                     | 500          | 841                                   | 341                                   |
| Miscellaneous                           | 6,000                   | 6,000        | 10,100                                | 4,100                                 |
| Total Revenues                          | 112,883                 | 146,060      | 180,491                               | 34,431                                |
| <b>EXPENDITURES</b>                     |                         |              |                                       |                                       |
| Current:                                |                         |              |                                       |                                       |
| Personnel                               | 153,066                 | 181,123      | 152,001                               | 29,122                                |
| Fringe                                  | 25,852                  | 30,308       | 17,039                                | 13,269                                |
| Travel                                  | 126                     | 121          | 1,608                                 | (1,487)                               |
| Operating Services                      | 28,228                  | 31,186       | 27,432                                | 3,754                                 |
| Operating Supplies                      | 32,796                  | 36,755       | 41,103                                | (4,348)                               |
| Other Costs                             | 7,635                   | 7,967        | 9,561                                 | (1,594)                               |
| Meals                                   | 0                       | 0            | 0                                     | 0                                     |
| Capital Outlay                          | 0                       | 24,018       | 23,371                                | 647                                   |
| Total Expenditures                      | 247,703                 | 311,478      | 272,115                               | 39,363                                |
| Excess of expenditures over revenues    | (134,820)               | (165,418)    | (91,624)                              | 73,794                                |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                         |              |                                       |                                       |
| Transfers in                            | 113,182                 | 110,403      | 150,729                               | 40,326                                |
| Transfers out                           | (34,562)                | (34,562)     | (77,972)                              | (43,410)                              |
| Total other financing sources and uses  | 78,620                  | 75,841       | 72,757                                | (3,084)                               |
| Net increase (decrease) in fund balance | \$ (56,200)             | \$ (89,577)  | (18,867)                              | \$ 70,710                             |
| <b>FUND BALANCE</b>                     |                         |              |                                       |                                       |
| Beginning of year                       |                         |              | 221,419                               |                                       |
| End of year                             |                         |              | \$ 202,552                            |                                       |

See notes to required supplementary information.

**Budgetary Comparison Schedule - Title III B Fund**

**Washington Council on the Aging, Inc.  
Franklinton, Louisiana  
For the year ended June 30, 2008**

|  | <b>Budgeted Amounts</b> |              | <b>Actual<br/>Amounts</b>             | <b>Variance with<br/>Final Budget</b> |
|--|-------------------------|--------------|---------------------------------------|---------------------------------------|
|  | <b>Original</b>         | <b>Final</b> | <b>Modified<br/>Accrual<br/>Basis</b> | <b>Favorable<br/>(Unfavorable)</b>    |
| <b>REVENUES</b>                                  |                         |              |                                       |                                       |
| Intergovernmental:                               |                         |              |                                       |                                       |
| Capital Area Agency on Aging - District II, Inc. | \$ 82,190               | \$ 82,190    | \$ 88,968                             | \$ 6,778                              |
| Public Support                                   | 4,684                   | 2,732        | 2,670                                 | (62)                                  |
| Program Service Fees                             | 0                       | 0            | 0                                     | -                                     |
| Total Revenues                                   | 86,874                  | 84,922       | 91,638                                | 6,716                                 |
| <b>EXPENDITURES</b>                              |                         |              |                                       |                                       |
| Current:   |                         |              |                                       |                                       |
| Personnel  | 117,258                 | 141,728      | 138,446                               | 3,282                                 |
| Fringe   | 19,262                  | 22,749       | 15,121                                | 7,628                                 |
| Travel   | 2,894                   | 3,492        | 5,050                                 | (1,558)                               |
| Operating Services                               | 19,962                  | 21,616       | 19,317                                | 2,299                                 |
| Operating Supplies                               | 22,540                  | 27,245       | 23,282                                | 3,963                                 |
| Other Costs                                      | 3,662                   | 4,135        | 6,204                                 | (2,069)                               |
| Full Service                                     | 6,250                   | 6,250        | 6,644                                 | (394)                                 |
| Capital Outlay                                   | 0                       | 31           | 0                                     | 31                                    |
| Total Expenditures                               | 191,828                 | 227,246      | 214,064                               | 13,182                                |
| Excess of expenditures over revenues             | (104,954)               | (142,324)    | (122,426)                             | 19,898                                |
| <b>OTHER FINANCING SOURCES (USES)</b>            |                         |              |                                       |                                       |
| Transfers in                                     | 104,954                 | 142,324      | 131,724                               | (10,600)                              |
| Transfers out                                    | 0                       | 0            | (9,298)                               | (9,298)                               |
| Total other financing sources and uses           | 104,954                 | 142,324      | 122,426                               | (19,898)                              |
| Net increase (decrease) in fund balance          | \$ 0                    | \$ 0         | 0                                     | \$ 0                                  |
| <b>FUND BALANCE</b>                              |                         |              |                                       |                                       |
| Beginning of year                                |                         |              | 0                                     |                                       |
| End of year                                      |                         |              | \$ 0                                  |                                       |

See notes to required supplementary information



**Budgetary Comparison Schedule - Title III C-1 Fund**

**Washington Council on the Aging, Inc.  
Franklinton, Louisiana  
For the year ended June 30, 2008**

|  | <u>Budgeted Amounts</u> |              | <u>Actual<br/>Amounts</u>             | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|--------------|---------------------------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u> | <u>Modified<br/>Accrual<br/>Basis</u> | <u>Favorable<br/>(Unfavorable)</u>    |
| <b>REVENUES</b>                                  |                         |              |                                       |                                       |
| Intergovernmental:                               |                         |              |                                       |                                       |
| Capital Area Agency on Aging - District II, Inc. | \$ 14,550               | \$ 14,550    | \$ 10,795                             | \$ (3,755)                            |
| Public Support                                   | 19,200                  | 20,174       | 21,070                                | 896                                   |
| Total Revenues                                   | 33,750                  | 34,724       | 31,865                                | (2,859)                               |
| <b>EXPENDITURES</b>                              |                         |              |                                       |                                       |
| Current:   |                         |              |                                       |                                       |
| Personnel  | 49,718                  | 47,179       | 38,247                                | 8,932                                 |
| Fringe   | 5,075                   | 4,804        | 3,238                                 | 1,566                                 |
| Travel   | 299                     | 274          | 348                                   | (74)                                  |
| Operating Services                               | 5,110                   | 4,921        | 3,624                                 | 1,297                                 |
| Operating Supplies                               | 2,689                   | 2,191        | 3,408                                 | (1,217)                               |
| Other Costs                                      | 1,409                   | 1,395        | 1,700                                 | (305)                                 |
| Capital Outlay                                   | 0                       | 47           | 0                                     | 47                                    |
| Total Expenditures                               | 64,300                  | 60,811       | 50,565                                | 10,246                                |
| Excess of expenditures over revenues             | (30,550)                | (26,087)     | (18,700)                              | 7,387                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>            |                         |              |                                       |                                       |
| Transfers in                                     | 30,550                  | 26,087       | 26,116                                | 29                                    |
| Transfers out                                    | 0                       | 0            | (7,416)                               | (7,416)                               |
| Total other financing sources and uses           | 30,550                  | 26,087       | 18,700                                | (7,387)                               |
| Net increase (decrease) in fund balance          | \$ 0                    | \$ 0         | 0                                     | \$ 0                                  |
| <b>FUND BALANCE</b>                              |                         |              |                                       |                                       |
| Beginning of year                                |                         |              | 0                                     |                                       |
| End of year                                      |                         |              | \$ 0                                  |                                       |

See notes to required supplementary information

**Budgetary Comparison Schedule - Title III C-2 Fund**

**Washington Council on the Aging, Inc.  
Franklinton, Louisiana  
For the year ended June 30, 2008**

|  | <b>Budgeted Amounts</b> |               | <b>Actual<br/>Amounts</b>             | <b>Variance with<br/>Final Budget</b> |
|--|-------------------------|---------------|---------------------------------------|---------------------------------------|
|  | <b>Original</b>         | <b>Final</b>  | <b>Modified<br/>Accrual<br/>Basis</b> | <b>Favorable<br/>(Unfavorable)</b>    |
| <b>REVENUES</b>                                  |                         |               |                                       |                                       |
| Intergovernmental:                               |                         |               |                                       |                                       |
| Capital Area Agency on Aging - District II, Inc. | \$ 44,942               | \$ 44,942     | \$ 44,942                             | \$ 0                                  |
| Public Support                                   | 7,349                   | 8,338         | 8,095                                 | (243)                                 |
| <b>Total Revenues</b>                            | <b>52,291</b>           | <b>53,280</b> | <b>53,037</b>                         | <b>(243)</b>                          |
| <b>EXPENDITURES</b>                              |                         |               |                                       |                                       |
| Current:   |                         |               |                                       |                                       |
| Personnel  | 32,666                  | 33,467        | 22,789                                | 10,678                                |
| Fringe   | 3,350                   | 3,424         | 2,473                                 | 951                                   |
| Travel   | 271                     | 261           | 634                                   | (373)                                 |
| Operating Services                               | 6,091                   | 6,101         | 8,174                                 | (2,073)                               |
| Operating Supplies                               | 9,110                   | 10,182        | 5,621                                 | 4,561                                 |
| Other Costs                                      | 803                     | 951           | 583                                   | 368                                   |
| Meals  | 0                       | 0             | 0                                     | 0                                     |
| Capital Outlay                                   | 0                       | 41            | 0                                     | 41                                    |
| <b>Total Expenditures</b>                        | <b>52,291</b>           | <b>54,427</b> | <b>40,274</b>                         | <b>14,153</b>                         |
| Excess of expenditures over revenues             | 0                       | (1,147)       | 12,763                                | 13,910                                |
| <b>OTHER FINANCING SOURCES (USES)</b>            |                         |               |                                       |                                       |
| Transfers in                                     | 0                       | 1,147         | 0                                     | (1,147)                               |
| Transfers out                                    | 0                       | 0             | (12,763)                              | (12,763)                              |
| <b>Total other financing sources and uses</b>    | <b>0</b>                | <b>1,147</b>  | <b>(12,763)</b>                       | <b>(13,910)</b>                       |
| Net increase (decrease) in fund balance          | \$ 0                    | \$ 0          | 0                                     | \$ 0                                  |
| <b>FUND BALANCE</b>                              |                         |               |                                       |                                       |
| Beginning of year                                |                         |               | 0                                     |                                       |
| End of year                                      |                         |               | \$ 0                                  |                                       |

See notes to required supplementary information

**Budgetary Comparison Schedule - Section 5311 Fund**

**Washington Council on the Aging, Inc.  
Franklinton, Louisiana  
For the year ended June 30, 2008**

|   | <u>Budgeted Amounts</u> |              | <u>Actual<br/>Amounts</u>             | <u>Variance with<br/>Final Budget</u> |
|---|-------------------------|--------------|---------------------------------------|---------------------------------------|
|   | <u>Original</u>         | <u>Final</u> | <u>Modified<br/>Accrual<br/>Basis</u> | <u>Favorable<br/>(Unfavorable)</u>    |
| <b>REVENUES</b>                         |                         |              |                                       |                                       |
| Intergovernmental:                      |                         |              |                                       |                                       |
| Town of Franklinton                     | \$ 178,217              | \$ 207,072   | \$ 201,196                            | \$ (5,876)                            |
| Total Revenues                          | 178,217                 | 207,072      | 201,196                               | (5,876)                               |
| <b>EXPENDITURES</b>                     |                         |              |                                       |                                       |
| Current:                                |                         |              |                                       |                                       |
| Personnel                               | 0                       | 0            | 0                                     | 0                                     |
| Fringe                                  | 0                       | 0            | 0                                     | 0                                     |
| Travel                                  | 0                       | 0            | 0                                     | 0                                     |
| Operating Services                      | 0                       | 0            | 0                                     | 0                                     |
| Operating Supplies                      | 0                       | 0            | 0                                     | 0                                     |
| Other Costs                             | 0                       | 0            | 0                                     | 0                                     |
| Total Expenditures                      | 0                       | 0            | 0                                     | 0                                     |
| Excess of revenues over expenditures    | 178,217                 | 207,072      | 201,196                               | (5,876)                               |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                         |              |                                       |                                       |
| Transfers in                            | 0                       | 0            | 0                                     | 0                                     |
| Transfers out                           | (178,217)               | (207,072)    | (201,196)                             | 5,876                                 |
| Total other financing sources and uses  | (178,217)               | (207,072)    | (201,196)                             | 5,876                                 |
| Net increase (decrease) in fund balance | \$ 0                    | \$ 0         | 0                                     | \$ 0                                  |
| <b>FUND BALANCE</b>                     |                         |              |                                       |                                       |
| Beginning of year                       |                         |              | 0                                     |                                       |
| End of year                             |                         |              | \$ 0                                  |                                       |

See notes to required supplementary information.

**Budgetary Comparison Schedule - JARC Fund**

**Washington Council on the Aging, Inc.  
Franklinton, Louisiana  
For the year ended June 30, 2008**

|  | <u>Budgeted Amounts</u> |              | <u>Actual<br/>Amounts</u>             | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|--------------|---------------------------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u> | <u>Modified<br/>Accrual<br/>Basis</u> | <u>Favorable<br/>(Unfavorable)</u>    |
| <b>REVENUES</b>                              |                         |              |                                       |                                       |
| Intergovernmental:                           |                         |              |                                       |                                       |
| Town of Franklinton                          | \$ 132,000              | \$ 132,000   | \$ 136,871                            | \$ 4,871                              |
| Total Revenues                               | 132,000                 | 132,000      | 136,871                               | 4,871                                 |
| <b>EXPENDITURES</b>                          |                         |              |                                       |                                       |
| Current:                                     |                         |              |                                       |                                       |
| Personnel                                    | 59,617                  | 70,131       | 121,938                               | (51,807)                              |
| Fringe                                       | 10,834                  | 12,471       | 13,384                                | (913)                                 |
| Travel                                       | 63                      | 61           | 529                                   | (468)                                 |
| Operating Services                           | 8,555                   | 9,619        | 15,035                                | (5,416)                               |
| Operating Supplies                           | 9,872                   | 10,750       | 18,122                                | (7,372)                               |
| Other Costs                                  | 1,811                   | 1,868        | 4,220                                 | (2,352)                               |
| Total Expenditures                           | 90,752                  | 104,900      | 173,228                               | (68,328)                              |
| Excess of revenues over (under) expenditures | 41,248                  | 27,100       | (36,357)                              | (63,457)                              |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                         |              |                                       |                                       |
| Transfers in                                 | 0                       | 0            | 36,357                                | 36,357                                |
| Transfers out                                | 0                       | 0            | 0                                     | 0                                     |
| Total other financing sources and uses       | 0                       | 0            | 36,357                                | 36,357                                |
| Net increase (decrease) in fund balance      | \$ 41,248               | \$ 27,100    | 0                                     | \$ (27,100)                           |
| <b>FUND BALANCE</b>                          |                         |              |                                       |                                       |
| Beginning of year                            |                         |              | 0                                     |                                       |
| End of year                                  |                         |              | \$ 0                                  |                                       |

See notes to required supplementary information.

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

### **WASHINGTON COUNCIL ON THE AGING, INC. FRANKLINTON, LOUISIANA**

**FOR THE YEAR ENDED JUNE 30, 2008**

#### **NOTE 1 - BUDGETARY REPORTING**

The budget information presented in this section of required supplementary information applies to "major" governmental funds for which annual budgets were adopted. Budgetary information for "nonmajor" funds has not been included anywhere in these financial statements.

The Council follows these procedures in establishing the budgetary data that has been presented as required supplementary information in these financial statements.

- The Capital Area Agency on Aging - District II Inc., (CAAA) notifies the Council each year as to the funding levels for each program's grant award.
- Revenue projections are also made based on grants from GOEA and other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Expenditure projections are developed using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.
- Once the information regarding projected revenues and expenditures has been obtained, the Council's executive director and bookkeeper prepare a proposed budget based on the projections. The proposed budget is submitted to the Board of Directors for final approval.
- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board meeting before May 31 of the current fiscal year.
- The adopted budget is forwarded to CAAA for compliance approval for the funds it will pass-through to the Council from GOEA.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**(Continued)**

- Unused budget amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, management will automatically re-budget funds in the next fiscal year to complete the grant or contract. An example where this might occur is when vehicles are acquired under federal matching programs. The "match" might be made in one year and the vehicle delivered in another year.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting for governmental funds, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying required supplementary information include the original adopted budget amounts and all subsequent amendments. During the fiscal year, management amended the budget one time. The Council's Board of Directors approved a budget amendment at a regularly scheduled meeting on December 13, 2007, using a procedure similar to the one used to approve the original budget. The budget amendment was sent to CAAA for compliance approval and was subsequently approved.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- The Council may transfer funds between line items as often as required but must obtain compliance approval from the CAAA and the Governor's Office of Elderly Affairs for funds received under grants and contracts from these agencies. As a part of their compliance, CAAA and GOEA require management to amend the budget in cases where actual expenditures for a particular line item exceed their budgeted amount by more than 10%, unless unrestricted funds are available to "cover" the overrun.
- Budgeted expenditures cannot exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**(Continued)**

- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some activities may not be budgeted, particularly if they are deemed to be immaterial by management.

**NOTE 2 - GENERAL FUND'S BUDGETED OPERATING DEFICIT**

Management budgeted an operating deficit in the Council's General Fund this year because (1) the Council needed to purchase some capital assets and would do so by consuming funds that the Council earned in prior years but had not spent, and (2) management budgets for unexpected occurrences as a matter of conservative financial policy. Management was able to budget the operating deficit because the Council had enough fund balance to cover the deficit.

**SUPPLEMENTARY INFORMATION REQUIRED BY  
THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS**



**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**

Washington Council on the Aging, Inc.  
Franklinton, Louisiana  
For the year ended June 30, 2008

|  | Medicaid<br>Prescription<br>Drug<br>Assistance | Title III<br>D | Title III<br>E | Senior<br>Center | Supple.<br>Senior<br>Center | Audit    | Utility<br>Assistance | EFSP   | Totals    |
|--|--|----------------|----------------|------------------|-----------------------------|----------|-----------------------|--------|-----------|
| <b>REVENUES</b>                                |  |                |                |                  |                             |          |                       |        |           |
| Intergovernmental:                             |  |                |                |                  |                             |          |                       |        |           |
| Capital Area Agency on Aging (CAAA)            | \$ 0   | \$ 3,497       | \$ 1,050       | \$ 0             | \$ 0                        | \$ 1,098 | \$ 0                  | \$ 0   | \$ 5,645  |
| Governor's Office of Elderly Affairs           | 0  | 0              | 0              | 50,667           | 3,100                       | 0        | 0                     | 0      | 53,767    |
| United Way of America                          | 0  | 0              | 0              | 0                | 0                           | 0        | 0                     | 34,740 | 34,740    |
| Public Support (Restricted):                   |  |                |                |                  |                             |          |                       |        |           |
| Various utility companies                      | 0  | 0              | 0              | 0                | 0                           | 0        | 7,099                 | 0      | 7,099     |
| Total revenues                                 | 0  | 3,497          | 1,050          | 50,667           | 3,100                       | 1,098    | 7,099                 | 34,740 | 101,251   |
| <b>EXPENDITURES</b>                            |  |                |                |                  |                             |          |                       |        |           |
| <b>Health, Welfare, &amp; Social Services:</b> |  |                |                |                  |                             |          |                       |        |           |
| <b>Current:</b>                                |  |                |                |                  |                             |          |                       |        |           |
| Personnel                                      | 4,299  | 1,792          | 2,250          | 0                | 0                           | 0        | 0                     | 0      | 8,341     |
| Fringe   | 382  | 158            | 199            | 0                | 0                           | 0        | 0                     | 0      | 739       |
| Travel   | 0  | 25             | 9              | 0                | 0                           | 0        | 0                     | 0      | 34        |
| Operating Services                             | 0  | 92             | 102            | 0                | 0                           | 0        | 0                     | 0      | 194       |
| Operating Supplies                             | 0  | 84             | 57             | 0                | 0                           | 0        | 0                     | 454    | 595       |
| Other Costs                                    | 0  | 28             | 32             | 0                | 0                           | 18,303   | 0                     | 0      | 18,363    |
| Meals  | 0  | 0              | 0              | 0                | 0                           | 0        | 0                     | 34,286 | 34,286    |
| Utility Assistance                             | 0  | 0              | 0              | 0                | 0                           | 0        | 7,156                 | 0      | 7,156     |
| Total expenditures                             | 4,681  | 2,179          | 2,649          | 0                | 0                           | 18,303   | 7,156                 | 34,740 | 69,708    |
| Excess of revenues over (under) expenditures   | (4,681)  | 1,318          | (1,599)        | 50,667           | 3,100                       | (17,205) | (57)                  | 0      | 31,543    |
| <b>OTHER FINANCING SOURCES (USES)</b>          |  |                |                |                  |                             |          |                       |        |           |
| Operating transfers in                         | 0  | 554            | 1,635          | 0                | 0                           | 17,205   | 0                     | 0      | 19,394    |
| Operating transfers out                        | 0  | (1,872)        | (36)           | (50,667)         | (3,100)                     | 0        | 0                     | 0      | (55,675)  |
| Net increase (decrease) in fund balances       | (4,681)  | 0              | 0              | 0                | 0                           | 0        | (57)                  | 0      | (4,738)   |
| <b>FUND BALANCE (DEFICIT)</b>                  |  |                |                |                  |                             |          |                       |        |           |
| Beginning of year                              | 8,905  | 0              | 0              | 0                | 0                           | 0        | 12,308                | 0      | 21,213    |
| End of year                                    | \$ 4,224                                       | \$ 0           | \$ 0           | \$ 0             | \$ 0                        | \$ 0     | \$ 12,251             | \$ 0   | \$ 16,475 |

**COMPARATIVE SCHEDULE OF CAPITAL ASSETS  
AND CHANGES IN CAPITAL ASSETS**

**Washington Council on the Aging, Inc.  
Franklinton, Louisiana  
For the year ended June 30, 2008**

|  | Balance<br>June 30,<br>2007 | Additions        | Deletions         | Balance<br>June 30,<br>2008 |
|--|-----------------------------|------------------|-------------------|-----------------------------|
| <b><u>Capital Assets</u></b>               |                             |                  |                   |                             |
| Vehicles                                   | \$ 56,439                   | \$ 14,553        | \$ 0              | \$ 70,992                   |
| Equipment                                  | 23,683                      | 5,618            | (2,887)           | 26,414                      |
| Buildings & improvements                   | 143,981                     | 3,200            | 0                 | 147,181                     |
| Land                                       | 9,000                       | 0                | 0                 | 9,000                       |
| Total capital assets                       | <u>\$ 233,103</u>           | <u>\$ 23,371</u> | <u>\$ (2,887)</u> | <u>\$ 253,587</u>           |
| <b><u>Investment in Capital Assets</u></b> |                             |                  |                   |                             |
| Property acquired with funds from -        |                             |                  |                   |                             |
| Title III B                                | \$ 4,502                    | \$ 0             | \$ (1,201)        | \$ 3,301                    |
| Title III C-1                              | 4,239                       | 0                | (955)             | 3,284                       |
| Title III C-2                              | 19,434                      | 0                | (720)             | 18,714                      |
| Title III D                                | 98                          | 0                | (11)              | 87                          |
| PCOA                                       | 0                           | 22,560           | 0                 | 22,560                      |
| Senior Center                              | 840                         | 0                | 0                 | 840                         |
| FTA  | 18,024                      | 0                | 0                 | 18,024                      |
| Local                                      | 140,966                     | 811              | 0                 | 141,777                     |
| Acquired before 1985                       | 45,000                      | 0                | 0                 | 45,000                      |
| Total investment in capital assets         | <u>\$ 233,103</u>           | <u>\$ 23,371</u> | <u>\$ (2,887)</u> | <u>\$ 253,587</u>           |

# NEIL G. FERRARI

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors,  
Washington Council on the Aging, Inc.  
Franklinton, Louisiana

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Council on the Aging, Inc., Franklinton, Louisiana, (the Council) as of and for the year ended June 30, 2008, which collectively comprise the Council's basic financial statements and have issued my report thereon dated December 19, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Council's internal control over financial reporting as a basis for designing my audit procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

My consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily disclose all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control. I consider deficiencies identified in the accompanying schedule of findings and questioned costs as 2008-1 through 2008-4 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Council's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies identified above, I consider item 2008-01 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Council's written response to the findings identified in my audit is presented in the audit reporting package as Management's Corrective Action Plan. I did not audit the Council's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the Council's management, finance committee, board of directors, pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Baton Rouge, Louisiana,  
December 19, 2008.

*Neil Ferrari, CPA*

Neil G. Ferrari, CPA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Washington Council on the Aging, Inc.

Franklinton, Louisiana

For the year ended June 30, 2008

I have audited the financial statements of the Washington Council on the Aging, Inc., Franklinton, Louisiana as of and for the year ended June 30, 2008, and have issued my report thereon dated December 19, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2008 resulted in an unqualified opinion.

### Section I - Summary of Auditor's Reports

- a. Report on Internal Control over Financial Reporting and on Compliance and Other Matters Material to the Financial Statements

Internal Control:

Significant Deficiencies

☒ Yes   ☐ No

- Findings 2008-1 through 2008-4

Material Weaknesses

☒ Yes   ☐ No

- Finding 2008-1

Compliance:

Compliance Material to Financial Statements

☐ Yes   ☒ No

- b. Federal Awards

Federal award expenditures were less than \$500,000. Accordingly, this section is not applicable.

- c. Identification of Major Programs – This section is not applicable.

- d. SAS 112 Letter

The auditor did not issue a SAS 112 letter because the information reported as findings in this section would be what would have been reported using a SAS 112 letter.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

### Section II - Financial Statement Findings and Questioned Costs

#### **Finding 2008-1: Errors Noted in JARC and Section 5311 Reports - Repeat Finding**

I selected one month of JARC reports to review in detail during the audit and noted a conceptual error on the report along with a clerical error. The net result of these errors was that the COA under reported JARC costs for that month by \$145. I also reviewed one Section 5311 monthly report and noted under reported expenses of \$1,007.56.

Because errors had been made in the report preparation, I investigated the procedure of preparing and reviewing the reports and found that no one other than the preparer is reviewing reports in detail before they are submitted. In addition, the worksheets used to compile information for report preparation are not being linked or reconciled with the costs on the books to ensure accuracy and completeness of report preparation.

Last year I noted similar errors in report preparation and deficiencies in the process.

**Recommendation:** I recommend the Council design its JARC and Section 5311 cost reimbursement reporting process to (1) require a documented detailed supervisory review of the reports and underlying work papers each month and (2) establish a documented link between the data on the reports and the data in the accounting system.

#### **Finding 2008-2: Supervisory Approvals Are Not Always Fully Documented - Repeat Finding**

I noted during the audit that in some cases supervisors will review documents or a subordinate's work but fail to initial the related documents to designate their review and date the documents to note the date the review was performed.

**Recommendation:** Supervisors should be alerted to always sign or initial related documents to show they have performed a supervisory review of a subordinate's work and date the document to show when it was done. Management should review its written policies, determine the key areas where the supervisory approvals are needed, and make sure the policies reflect where the approvals should be documented.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(Continued)**

**Finding 2008-3: Client Contributions on the Books do not Agree with the Amounts on the Capital Area Agency on Aging's Annual Reimbursement Summary- Repeat Finding**

I compared the client contributions recorded on the books to what was presented on Capital Area's Annual Reimbursement Summary and noticed differences as follows:

- The C-1 meals contributions per the Summary were \$18,966, whereas the books showed current year collections of \$21,070.
- The C-2 meals contributions per the Summary were \$8,647, whereas the books showed current year contributions of \$8,095.

The Council did not make application to carryover over any of its June program income therefore all amounts should have been reported on the Capital Area reports.

I am not sure of the exact reason for the variances but it appears to have been a miscommunication or misunderstanding between the Council's accountant and Capital Area's accountant about how to report these contributions to Capital Area this year.

**Recommendation:** I recommend that each month the full amount of any client contributions be reported to Capital Area and that the Council try not to carry over any amounts in the future to avoid miscommunication and reporting differences. Management should make sure the amount reported to Capital Area agrees with the amounts on its books.

**Finding 2008-4: Errors Noted in Preparing the Worksheet to Allocate Indirect Costs**

During the audit I found that, when preparing the monthly worksheet used to allocate indirect costs, the Council entered the direct costs and the cumulative indirect costs into the indirect cost worksheet as if all the costs were direct costs. The correct way is to enter only the direct costs for each applicable program into the worksheet.

This matter should be easy to correct for FY 2009 because the Council had hired an accounting clerk in May 2008 to help the bookkeeper. The accounting clerk could help double check the bookkeeper's numbers entered into the indirect cost worksheet.



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(Continued)**

**Recommendation:** The indirect cost worksheet should be double checked by somebody other than the person who prepares it to minimize the risk of making allocation errors. Also, the Council should consider modifying its indirect cost allocation by using the year-to-date cost method rather than just using the results for only one month.

**Section III - Federal Award Findings and Questioned Costs**  
This section is not applicable.

## **SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

**Washington Council on the Aging, Inc.**

**Franklinton, Louisiana**

**For the year ended June 30, 2008**

### **Section I - Internal Control and Compliance Deficiencies Material to the Financial Statements**

#### **Finding 2007-1: Auditor Noted Errors in Allocating Costs from the Transportation Cost Pool and the Indirect Cost Pool**

**Status: Resolved.** The DOTD Emergency Transportation program ended last year and no new transportation programs were started this year that would have caused the Council to make the same type of mistake as last year. Management corrected its method of allocating direct transportation costs in FY 2008 and has continued to explore ways to improve how it allocates direct transportation costs. As a result of the corrective action taken for allocating direct transportation costs, indirect cost allocations have also improved.

#### **Finding 2007-2: Auditor Noted Errors in JARC and Section 5311 Reports**

**Status: Unresolved.** The Council did not implement the auditor's recommendations from last year. Nobody other than the report preparer had double checked the monthly reports before they were submitted, which resulted in errors having been made that were not detected. In addition, management did not establish a documented link between the data on the reports and the data in the accounting system to help ensure accurate report preparation and facilitate report review.

#### **Finding 2007-3: Auditor Noted Meals Served under the Title III C-1 Program May Have Been Served to Ineligible Participants or Served in Improper Situations**

**Status: Resolved.** Management held a staff meeting soon after the problem was noted by the auditor to review the rules on who can receive a congregate meal and how it must be served. Since the meeting, management is unaware of any ineligible people having received a congregate meal.

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**(Continued)**

**Finding 2007-4: Classification of Revenues is Not Always Reviewed and Documented**

**Status: Resolved.** Classification of revenues was much better in FY 2008. The auditor only found a couple of minor errors. The nature and amount of unusual types of revenues has declined over the past year leaving the Council with customary types of revenues to manage, which are easier to classify and record.

**Finding 2007-5: Written Accounting Policies and Procedures Do Not Exist for All Areas**

**Status: Resolved.** The Council has written and implemented the Financial Management Manual identifying policies and procedures on significant accounting processes in early FY 2008. As a result, management believes this prior year finding has been resolved.

**Finding 2007-6: Management Approval Should be Obtained Before Adding or Deleting Accounts in the Chart of Accounts**

**Status: Resolved.** The Council implemented the auditor's recommendation to obtain management approval before adding or deleting accounts in the charts of accounts. During the FY 2008 audit, the auditor did not mention any new problems in this area. As a result, management believes this prior year finding has been resolved.

**Finding 2007-7: Supervisory Approvals Are Not Always Fully Documented**

**Status: Unresolved.** The Council did not implement the auditor's recommendation to alert supervisors to initial and date documents after reviewing them. As a result, management believes this prior year finding has not been fully resolved.

**Finding 2007-8: Budget Data Should Be Input Into the Accounting System to Enable Comparative Reports to be Generated and Used by Management**

**Status: Resolved.** In FY 2008, the Council implemented the auditor's recommendation and input budget information into QuickBooks so comparative reports can be generated and used by management. As a result, management believes this prior year finding has been resolved.

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**(Continued)**

**Finding 2007-9: Revenues Earned Are Not Entered Into the Books Until Received**

**Status: Resolved.** In FY 2008, the Council started preparing a monthly journal entry to record revenues earned each month. Although the Council had missed accruing one invoice for Washington Parish School Board for June 2008, the Council has tried to implement the auditor's recommendation. As a result, management believes this prior year finding has been resolved.

**Finding 2007-10: All Funds Received in the Main Office Should be Logged into the Cash Receipts Book**

**Status: Resolved.** The Council has included in its Financial Management Manual procedures that require all funds received in the main office to be logged into the cash receipts book and the procedures were followed as prescribed in FY 2008.

**Finding 2007-11: Client Contributions for C-1, C-2, and III B Homemaker on the Books do not Agree with the Amounts on the Capital Area Agency on Aging's Annual Reimbursement Summary**

**Status: Unresolved.** In FY 2008, the client contributions for Title III B Homemaker and Title III B Transportation on the books agree with the amounts on the Capital Area Agency on Aging's Annual Reimbursement Summary. However, the amounts on the books for the Title III C-1 and C-2 programs do not agree with CAAA's Reimbursement Summary. As a result, management believes this prior year finding has not been fully resolved.

**Section II – Internal Control and Compliance Deficiencies Material to Federal Awards**

There were no findings reported for this section in last year's audit report.

**Section III – SAS 112 Letter**

The auditor did not issue a SAS 112 letter last year.

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

**Washington Council on the Aging, Inc.  
Franklinton, Louisiana  
For the year ended June 30, 2008**

To the following oversight agencies for audit:

**State:** Legislative Auditor of the State of Louisiana; and  
Governor's Office of Elderly Affairs;

**Local:** Capital Area Agency on Aging - District II, Inc.

Washington Council on the Aging, Inc., Franklinton, Louisiana, respectfully submits the following corrective action plan for the year ended June 30, 2008.

**Name and address of independent public accounting firm:** Neil G. Ferrari, CPA, 14481 Old Hammond Highway, Suite 4, Baton Rouge, Louisiana, 70816.

**Audit period:** For the year ended June 30, 2008.

### **FINANCIAL STATEMENT FINDINGS**

#### **Finding 2008-1: Errors Noted in JARC and Section 5311 Reports**

##### **Management's Response and Corrective Action Plan:**

The Executive Director acknowledges the auditor's findings and recommendations and has begun to thoroughly review JARC and Section 5311 monthly reports along with the underlying work papers. Management has also consulted with the auditor on how to use Excel worksheets to accumulate the data for these reports to enable the preparer to self-check her work and ensure that the costs on the books will parallel those reported to DOTD. The Excel worksheets will also provide an easy method for someone to double check the preparer's work.

#### **Finding 2008-2: Supervisory Approvals Are Not Always Fully Documented**

##### **Management's Response and Corrective Action Plan:**

Management will monitor supervisory reviews and approvals to make sure a supervisor's signature and the date of review and approval are fully documented according the Council's policies and procedures.

**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
(Continued)

**Finding 2008-3: Client Contributions on the Books do not Agree with the Amounts on the Capital Area Agency on Aging's Annual Reimbursement Summary**

**Management's Response and Corrective Action Plan:**

Client contributions are collected and used as program income within their respective programs. Capital Area Agency on Aging contracts with the Council on a unit cost reimbursement basis. After initial submission of the budget a unit cost is determined and changes to the unit cost are not allowed for the remainder of the program year. June reports reflected an outstanding contract balance for Homemaker, C-1 Meals and C-2 Meals due to actual client contributions totaling more than budgeted amounts throughout the previous eleven months and fluctuations in the cost to provide a unit of service. Capital Area allowed the Council to not report the entire amount of program income collected in June in order to receive the entire contracted amount. The Council would have been penalized for providing services for a cheaper unit cost than originally budgeted. Remaining program income was carried over into the next fiscal year. While ideally program income should be spent within the fiscal year collected, this is not always possible given the constraints placed on the budgeting process by Capital Area. Management will review future reports to ensure that the amount reported to Capital Area agrees with amounts on the books.

**Finding 2008-4: Errors Noted in Allocating Costs from the Indirect Cost Pool**

**Management's Response and Corrective Action Plan:**

Due to the complexity of allocating indirect costs between various programs errors can occur. Management will take action to have the person preparing the indirect cost allocation worksheet only include the necessary amounts. Further, in May 2008 management hired an accounting clerk to assist the bookkeeper with bookkeeping duties and help double check the indirect cost worksheet for accuracy. Management believes the extra help will alleviate a burdensome workload, which has contributed to errors such as the one reported by the auditor. As far as using a cumulative cost method to allocate indirect costs versus a monthly method, we will discuss and study the recommendation and decide if the switch will more accurately allocate the indirect costs.

If there are any questions about this plan, please contact Nancy McBeth, Executive Director, at (985) 839-4535.